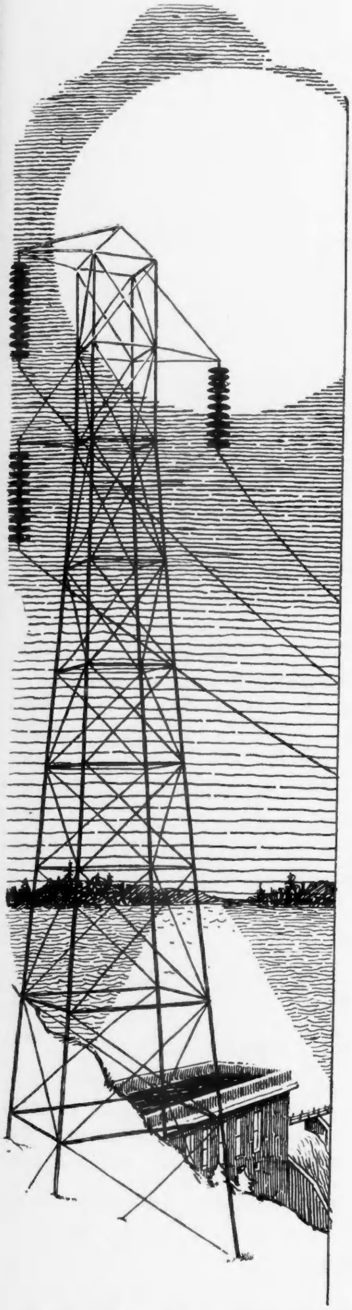
Is this the Destiny of Progress?



IS size to determine the right of a business to exist? Must American business be plunged deeper into the chaotic future facing it today by some subtle, arbitrary and politically opportune demarcation as to size?

Have we come to the day when the advancement of the public welfare as contributed to by all industry (not alone public utilities) must rest on corporate or geographical considerations of size, regardless of the character and quality of its public service, and whether "size" may be a vital factor *in the nature of the service* and its relation to the public interest?

Is the wave of "regimentation" and bureaucratic dictation of public needs and the way they shall be served moving toward a "next step" of corporate disintegration and extermination as a means to its end?

Is this the destiny of progress in the United States?

Shall the American public utility industry (for example) be disrupted and weakened by a program of competitive marauding and political destruction because of "size" or "bigness" that has brought its service, usefulness and public benefits to a point unmatched in the world? Shall it be arbitrarily condemned because it turns "bigness" into a public benefit . . . extends electric lines into the nation's farthest corners . . . provides BIG city standards of service to the small community, brightens cities, lifts farm burdens from weary shoulders, builds up industries, improves home life with penny-priced electricity?

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Vol. 57 No. 7 January 18, 1936

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WITH THE EDITORS

The Certainty of "Uncertainty"

YEAR in and year out "Uncertainty" in the business prospect is just as certain as death and taxes—and the true pessimist can always find enough of it to worry about.

Early in the recovery cycle there was "monetary uncertainty" to ponder over, followed by uncertainty as to what Congress would do, uncertainty as to the consequences of what it did do and uncertainty about the New Deal's "regimentation" of business. Today the villain's role is played by uncertainty as to the course of the political campaigns and the outcome of the national election.

Through it all the upward spiral of economic recuperation was gradually gathering momentum, as can now be plainly seen—much as had happened after all protracted depressions of the past, even as to sequence of time. Some industries, notably capital equipment, were disappointingly slow to feel the lift—but so they had been in former recoveries.

When was any business venture ever a certainty? In the best years some industries fall behind and others forge ahead. In the best years there are thousands of commercial failures. Capital competes with capital, industry with industry, company with company. A single discovery in the laboratory may create a new industry and sound the death knell of an old one. In the relentless search for profit successful capital is forever destroying unsuccessful capital, and the aggregate losses of the latter in a single generation would unquestionably dwarf the sum that we shot up in the World War. Back of most outstandingly successful corporations lie the forgotten ruins of scores of failures. Who can remember offhand even a third of the automobile companies that have given up the ghost during the past generation?

Political uncertainty varies only between normal and abnormal. It always exists in some degree. In recent years it has existed in abnormally large degree—but that also is normal in acute depression and hence not actually abnormal!

There was abundant political uncertainty in 1935, but the volume of business in nearly a score of important industries advanced above the 1929 level to new all-time high records. A still larger number of products will almost certainly meet record high demand this year, regardless of whether the political winds blow hot or cold.

In a lifetime technological progress and changing public taste will affect your investments—for good or ill—far more than politics ever will. And so, while you watch the year's political drama, remember that it is a side-show compared to the vast circus going on endlessly under the Big Top of industry.

Features in Coming Issues

The Magazine of Wall Street's Semi-Annual Dividend Forecast

Present Position and Prospect of Leading Companies in the Following Industries

Part I (Issue of February 1)

Steel
Metals
Machinery and Machine Tools
Railroad Equipment
Electrical Equipment
Business Equipment
Agricultural Implements
Railroads
Liquor
Amusements

Part II (Issue of February 15)

Public Utilities
Foods
Sugar
Motors
Motor Accessories
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Part III (Issue of February 29)

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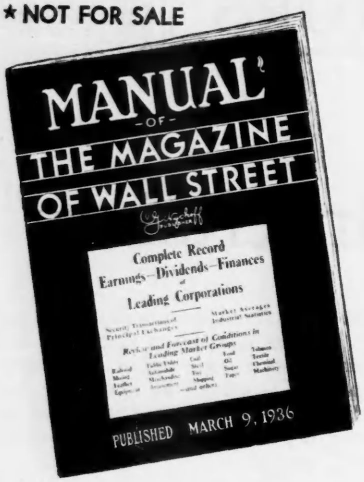

Facts, Graphs, Statistics that will help make your 1936 investment plans.

To invest successfully in 1936 you must act on facts. Earnings, financial positions, and actual prospects will be more important to you then than at any time in recent years. To aid you in determining the facts about the various industries, and the situations of individual companies in these industries—

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Our 1936 Manual, to be published March 9, contains a complete statistical record for the past three years on all the leading companies in every important industry—in addition to high, low and last prices for 1935.

The clarity and simplicity with which we present all data and interpretive comment offers a complete, accurate picture—not only of the individual corporation, but of the industry of which it is a component part. This information can be invaluable in mapping your investment course throughout 1936. It will help you to determine which securities to discard and which to hold—and enable you to build a sound investment foundation.

One hundred tables and charts illustrating basic conditions in important industries, and fully detailed tables giving leading companies' earnings, financial position, etc., over a period of years. Practically every company of importance whether listed or unlisted is included. The data gives a complete record of their progress or decline, points out their future prospects.

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- —New Stock Listings.
- —Stock Market Prices 1934-1935.
- —Over-the-Counter Prices.
- —Curb Market Prices.

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- —Bond Market Prices for 1935.
- —Analysis of Bond Market for 1935.
- —Bond Financing.
- —Unlisted Bonds.
- —Curb Bonds.

DOMESTIC TRADE AND BUSINESS . . .

Analysis of the Business Situation from the standpoint of recent events and prospective trend.

- —Money and Finance.
- —Commodities—Including Graphs Indicating Price Trend.
- —Record of Production of Leading Commodities and New Production Trend.
- —New Industries.
- —Important Issues in New Foreign Financing.

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—Public Utilities	—Leather	—Coal	—Tobacco
—Food and Packing	—Accessories	—Oil	—Radio and Communications
—Chain Stores	—Textiles	—Tires	
—Mail Order	—Mining	—Paper	
—Automobiles	—Machinery	—Sugar	

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The Trend of Events

THE LESSON OF 1914

MORE than twenty years after the World War there is now spread on the record some pertinent evidence as to how we drifted into it. The firm of Morgan and other great banking institutions were partial to the Allies from the start, and were glad to advance credits to be used in Allied purchases of American goods; but first they sought the consent of the Government.

Secretary of State Bryan regarded money as "the worst form of contraband," but President Wilson made a distinction between "loans" to the Allies, already publicly disapproved by the Government, and "bank credits" which would permit belligerents to purchase war supplies here. Robert Lansing, then counselor to the State Department, communicated this point of view to the bankers and the credits were granted.

Thus began the gradual collapse of our neutrality. As a practical matter, it had vanished before German submarine aggression provoked us into declaration of war.

Such is the substance of Mr. Morgan's testimony before the Senate Munitions Committee. It does not in any way support the charge of the rabble-rousing politicians that the "international bankers" got us into the war to pull their financial chestnuts out of the fire. But it does strikingly remind us of how easy it is for a nation to slide into war, regardless of the original wishes of its people, as incident leads to incident and the propaganda drums begin to beat around us.

The lesson should be taken to heart today as we again struggle to formulate a sound neutrality policy. Difficult as it may be for Congress to frame a mandatory neutrality policy, there is grave danger—as 1914 proved—in leaving neutrality decisions to the White House. If we must fish in troubled waters, at least let each move be in the open, that the people may know and judge, rather than take our chances with a secret communication of an under-official of the State Department regarding acts which may grease the skids for 125,000,000 Americans.

INFLATION RUMORS AGAIN

THE so-called Committee for the Nation makes public a telegram urging the President to meet the A A A problem by further devaluing the dollar to the full 50 per cent authorized by Congress. By proclamation the President extends for one year the law under which

BUSINESS, FINANCIAL *and* INVESTMENT COUNSELORS
1907 – "Over Twenty-Eight Years of Service" – 1936

our Stabilization Fund operates and under which further limited depreciation of the dollar lies within his discretion. European speculators jump to inflationary conclusions and the dollar dips sharply in the foreign exchange markets.

All of which is a tempest in a teapot. Europeans, unfortunately, apparently do not know that the self-appointed "Committee for the Nation" has no official standing; nor do they know that it can at almost any time produce one excuse or another for further currency depreciation. That the dollar is already greatly undervalued is clearly proven by the huge flow of gold to this country. Moreover, since various possible avenues of farm relief are open to it, there is no reason whatever for believing the Administration will resort to additional monetary tinkering.

As for extension of the President's emergency monetary powers, that was a formality and a foregone conclusion in the absence of international stabilization of the major currencies. The incident does serve to remind us that fundamental monetary uncertainty still lurks in the background, but its current inflationary significance is exactly nothing.

If we have inflation it is far more likely to result from the Government's continued deficit financing than from further dollar devaluation. This is a gradual and cumulative influence, possessing nothing of drama, and hence is not news. Neither Europe nor America has any reason to get overly excited about it for the time being, since the Federal debt can mount somewhat higher without disaster.

~

MOTORS SET THE PACE

THE public is not only buying automobiles in remarkably large numbers but, thanks to recovery in incomes, is increasingly indulging a taste for something better than the lowest price cars. The latter group had approximately 65 per cent of the total market in 1929 and increased its share to more than 75 per cent in 1934.

The past year brought a turn in the fortunes of the medium price cars, reflecting rising recovery. Demand in the low price class dropped to less than 72 per cent of the market. This trend is being carried further in the 1936 models, introduced in November. In that month the lowest price group had only a trifle more than 68 per cent of the aggregate market and the medium price cars were almost back to the relative position of 1929.

Thus far, however, the benefits of the drift to medium price cars have gone predominantly to cars in the General Motors and Chrysler groups, Packard being the only so-called independent to show a pronounced gain. It is interesting to note that in November Ford had only 25.77 per cent of the total market, against 31.35 per cent for the preceding ten months, while General Motors cars accounted for 44.03 per cent of all sales, as compared with 37.26 per cent for the preceding ten months. The latter company's retail sales in December were 122,198 units or nearly three times the volume of the closing month of 1934. How much of the excellent December business by this and other motor manufacturers has been borrowed from the current year's demand remains to be seen.

~

BONUS AND BUSINESS

WHEN the soldiers' bonus is paid, as now seems certain it will be, how much will business be stimulated by the resulting spending? This is a question that inevitably will loom large in the public mind.

There is but an imperfect guide in what happened in 1931 when loans up to 50 per cent of the maturity value of the certificates were made available to veterans who desired them. The country was then in the grip of the fast moving downward cycle of deflation, and against this tide the money borrowed and spent by veterans was a drop in the bucket.

Now the tide is moving up and the addition to it of $2,000,000,000 or so in purchasing power—however created—can scarcely fail to impart a considerable and probably visible stimulus. In our opinion automobiles and residential construction will be among the most important beneficiaries. A first payment on a home will appeal strongly to many veterans, especially among the several hundred thousands who, not having borrowed on their certificates previously, will receive full maturity value.

~

RECOVERY STRAWS

ECONOMIC revival originates in industry but transportation and communication reflect it as a thermometer indicates the temperature. On preliminary evidence net operating income of the railroads in December was at the highest level since 1931 and was probably close to the figure of December, 1930.

Gross revenues for the month were approximately $280,000,000 and net operating income will very likely prove to have been moderately in excess of $45,000,000. This, of course, is not profit for stockholders, since fixed charges have to come out of the figure. The showing is good only in comparison with levels of acute depression and earnings are a long, long way from normal.

In communication, the Bell System reports a gain of 47,848 telephones connected in December, or more than double the gain of December, 1934. During the past year installations totalled 461,156, against a gain of 298,000 stations in 1934 and a loss of 630,000 stations in 1933. Telephones in use declined from a 1930 peak of approximately 15,700,000 to a 1933 low of about 13,000,000 and have recovered to 13,900,000.

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THE MARKET PROSPECT

OUR most recent investment advice will be found in the discussion of the prospective trend of the market on page 366. The counsel embodied in this feature should be considered in connection with all investment suggestions, elsewhere in this issue. Monday, January 13, 1936.

BUSINESS, FINANCIAL and INVESTMENT COUNSELORS
1907–"Over Twenty-Eight Years of Service"–1936

A A A Decision Has Broad Effect on Government, Business, Industries, Taxation and Agriculture

By E. K. T.

THE Supreme Court for the second time within a year has found that the New Deal is essentially an assault upon the American system of government as established by the Constitution. In both cases, although in different guises, the ultimate question was whether the unique nature of our Government as a dual government of states and of a national government could be altered by act of Congress—whether such an act could convert a decentralized nation into one of consolidated rule.

In both the N R A case and the A A A case the decision hinged on whether the laws in question invaded the field of legislation reserved to the states. The Court stands firmly by the constitutional concept of a federal nation and resolutely upholds the division of authority between the several states on the one hand and the national government on the other.

As in other decisions, appeal may be properly taken from the Court to the people. This very year may see the people called upon to say whether their hitherto highly-prized local right shall be surrendered through Constitutional amendment to an all-powerful imperial central power.

* * *

Effect on Other Legislation The consensus of Constitutional authorities is that following in the broad road of Constitutional interpretation blazed by the two decisions, not to mention the decision in the Rice Millers' Case, the knell will sound for tobacco control, potato control, the Guffey coal "little N R A," the Utilities Regulation Act, at least part of the Social Security Act, the National Labor Board, the Railway Pension Act, T V A, R F C (particular transactions), and such legislative proposals as the Walsh Bill and the 30-Hour Week Bill.

It is too early to say much regarding the possibilities of new legislation which may achieve some of the New Deal objectives without inviting Supreme Court veto, but in general the prospect for success of any evasive legislation is dubious.

In particular, it is a puzzle to hit upon some way to pay the farmers the $250,000,000 they have earned under control contracts but have not yet received. The moral obligation to make these payments is indisputable and the economic consequences of non-payment will often be painful.

Untoward Fiscal Consequences The fiscal situation is complicated not only with respect of the $250,000,000, but of the $500,000,000 or so a year that will have to come out of general funds and taxation if a way can be found to go on with subsidized crop controls that are not in violation of the Constitution.

One possibility is that general funds can be allocated to state governments, leaving individual distribution to them. It is noteworthy that even in quarters where rejoicing over the defense of the Constitution against insidious efforts to change the character of our government is keenest, deep regret is expressed that a promising solution of the agricultural problem has been balked.

A way may be found to replace A A A with a law which does not rest on the question of rightful use of the powers of taxation and expenditure for purposes of welfare. Senator McNary, tireless champion of the perennial McNary-Haugen bills of the '20s has already introduced a bill providing for the equalization fee principle and export subsidies. Bounties for soil improvement are promising.

The actual adverse business results from the cutting off of the benefit payments to farmers will not be of much general effect. Supply and demand (thanks to A A A) are in healthy relation. Wheat restriction was already greatly reduced, and also corn-hog curtailment. Indeed, Secretary Wallace has said that he realizes *that for the first year or two after the removal of the processing taxes "the results might be quite happy, indeed,"* but to be followed by a relapse into conditions as harrowing as those of 1932.

Hogs, in particular, are likely to enjoy prices that will more than offset, for a time, the elimination of benefit payments. Farm purchasing power may not be curtailed at all in 1936. Even if some prices should fall, increased volume of production may offset both price declines and the loss of benefit payments. The latter would not equal one-tenth of the sales realizations.

Of course, if farm purchasing power should be weakened the tendency would be to curtail general business activity, and if additional taxes are levied to take the place of the vanished processing taxes the results might be depressing.

These would be countered by the increasing volume of business that will probably flow to the industries and distributors hitherto handicapped by the processing taxes by way of higher prices.

Flour mills, meat pack-

(*Please turn to page 421*)

Types of Companies That Should Be Benefited by the A A A Decision

Flour Millers	**Soap Makers**
Meat Packers	**Food Processors**
Bakers	**Packaged Food Mfrs.**
Biscuit Manufacturers	**Cotton Textile**
Paint Manufacturers	

Types of Companies Which Might Be Adversely Affected by Lower Farm Purchasing Power

Agricultural Implements	**Automobile and**
Tractor Manufacturers	**Truck Makers**
Mail Order Companies	

What's Ahead for the Market?

By A. T. Miller

THE President and the Supreme Court have spoken, creating considerable excitement—but without changing by one iota those factors upon which the stock market continues to pin its faith and its hope; namely, business recovery, rising corporate profits, abnormally low money rates, pressure of idle funds seeking investment and a pervading optimism under which the public is increasingly stock-minded and growing numbers of speculators and investors believe confidently that future earnings not only will justify present price levels but higher ones.

From the Wall Street point of view, there was nothing either surprising or alarming in the President's annual message or his budget message—the former concerning itself rather more with the state of politics than with the state of the nation, while the latter was of little meaning with relief left out of the accounting and became even more meaningless when the Supreme Court in its A A A verdict lifted the processing taxes from the revenues forecast.

As for the A A A decision, the immediate effects on stock and commodity markets were mixed, but the net effect of another sweeping judicial defeat for the New Deal was a further lift in speculative confidence and activity, leaving to the future any concern over the possibility that a far-reaching issue of constitutional amendment may be injected into the coming political campaign.

Directly attributable to the decision may be charged moderate softness in farm equipment, mail order, sugar and automobile stocks, for reasons which, while apparently logical at the moment, may evaporate at almost any time in the event the Administration and Congress devise some other means of continuing farm benefit payments of one kind or another. Directly helped by the decision, but also in moderate degree, were the textiles, meat packing, tobacco and packaged food stocks—doubtless restrained by second thoughts on the possibility that Congress may readily replace the processing taxes with excise taxes on the same commodities.

On the whole, the indirect effects, as speculatively interpreted, overshadowed the direct. Among these has been a further push upward in utilities, based on the reasoning that the judicial conclusions in the A A A case point to the probability of a New Deal defeat on T V A and, in a later decision, on the Utility Holding Company law; while rails responded briskly to the hope that burdensome compulsory pensions will be nullified, though it is considerably more important, and probably more influential, that the revenues of the carriers are making the best showing in more than four years, or since December, 1931.

As for the main body of stocks the latest New Deal defeat can hardly be held to have done more than impart additional psychological impulse to a trend previously established, for the market was rallying before the decision, making the best of preceding technical correction in November and December.

Aside from motors, merchandising and liquor shares, most groups in which speculative interest centers are at this writing holding close to the highs of recent months. Oils have come to the fore, galvanized into market leadership for the moment by the first general rise in crude oil prices in more than two years; while other groups making a notably strong showing are the building material issues, electrical equipments, business equipments, machinery and machine tool equities, all steels except the biggest of the lot and the leading motion picture issues. In most of these, and especially the building and equipment issues, prices in rather high ratio to current earnings are being successfully rationalized in speculative and investment reasoning on the prospect of substantial volume gains this year.

Increasing public speculation is reflected in a substantial percentage expansion in brokers' loans in recent weeks, in the rise of daily volume on the New York Stock Exchange well above the 3,000,000-share level, in marked increase in number of issues traded daily and in the prominence of various low price equities.

Yet the total of speculative borrowing remains at a moderate figure, brokers' loans as of January 8 being $967,000,000, an increase of only $349,000,000 in a year during which market values have appreciated by many billions of dollars. Thus, while a speculative superstructure is gradually being erected and will bear watching, the foundation of the market continues to rest on investment footings, one of which is investor demand and the other of which is the reluctance of investors to sell—a reluctance based partly on the obvious consensus that the recovery cycle, being yet incomplete, has further to go, and partly on the aversion to cashing profits which, at least as regards large holders of stocks, must be so largely shared with the income tax collector.

That the primary investment and money market factors are still potent is proven by the performance of the bond market in advancing to a new average high during the past fortnight, and especially by persistent strength in semi-speculative bonds and preferred stocks.

It need hardly be reiterated that for the genuine

The business and money market factors continue favorable to the investor, precluding significant reversal of the recovery trend. Trading operations, however, should be restricted to conservative proportions and discriminating selections in view of the large advance already experienced, the market's tendency to discount earnings far ahead and the possibility that business gains may flatten out.

investor there is no logical alternative to sitting tight in such a setting, assuming selections are basically sound. For the trader, both in short-swing and intermediate-term operations, there is, of course, the ever-present risk that speculation tends from time to time to over-discount both the primary investment factors and the business prospect, thus inviting corrective reaction.

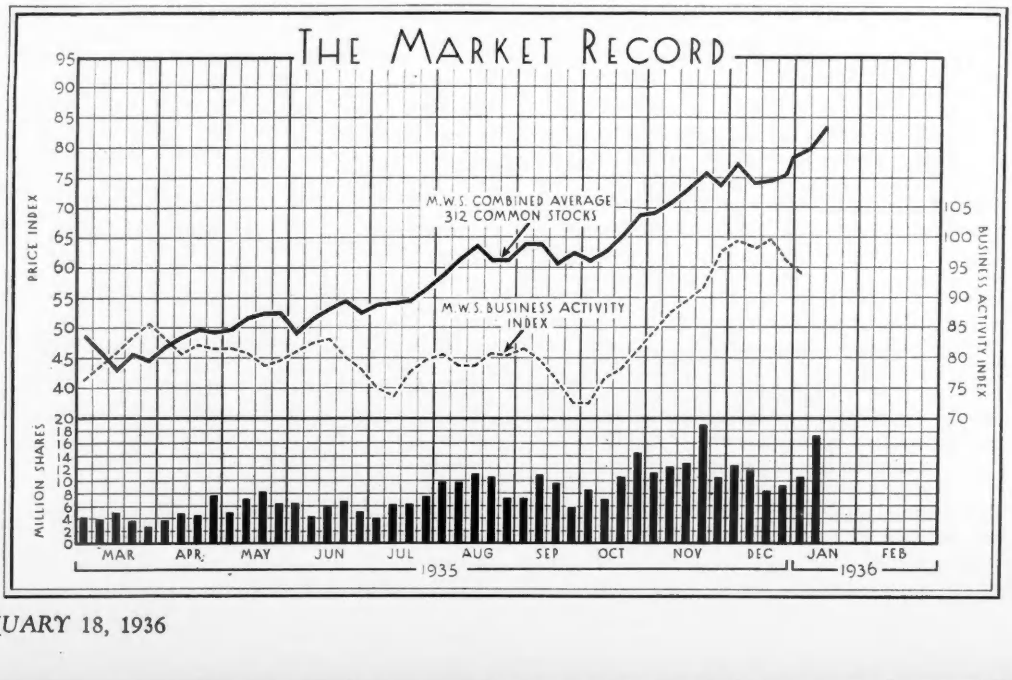
Looking at the present market from a speculative point of view, we would bear in mind that there has already been experienced a record-breaking percentage advance since last March and that a great many stocks, quoted at thirty to forty times current earnings, are discounting earnings for a considerable time ahead. While the business outlook remains favorable, it is open to serious doubt whether the year's aggregate activity will show a percentage gain over 1935 equal to 1935's gain over 1934.

We regard these speculative considerations as more pertinent than the political uncertainties looming ahead, for it appears highly probable that the political factors passed their peak of adverse influence in the Congressional session of 1935 and in the Supreme Court's N R A decision last May. They necessitate the restriction of speculative operations to conservative proportions, dictate continuing close discrimination in selections and suggest the wisdom of reserving some funds against the possibility of reaction.

While the effort of the Administration to find a workable substitute for A A A will preclude a brief session of Congress and may open up the question of taxation, we doubt that these considerations will be of much business or stock market importance. Regardless of farm legislation, there appears to be no present threat of legislation that business will fear. As regards taxes, it is to be greatly doubted that Congress, facing an election, will care to risk new general levies, regardless of the loss of the processing taxes or the additional burden of the bonus payment soon to be voted. Our guess is that the processing taxes will be replaced by excise taxes on the same commodities and that the bonus will be just another expenditure of borrowed money in the now familiar New Deal habit. The bonus distribution will, of course, impart some additional stimulation to industry and trade and quite likely will direct attention again to the underlying specter of inflation.

In commodity markets the most pronounced adverse effect of the A A A decision has been a substantial decline in cotton, other affected commodities showing no important loss. It need hardly be pointed out that because the reduced surplus and the revaluation of the dollar there is no prospect of cotton falling to its depression low, regardless of what the Administration may or may not do in holding down acreage.

As shown by the records of the past fortnight, industrial activity remains at a favorable level relative to a year ago, but percentage gains in the indexes already have flattened out, largely due to the fact that the jump which formerly occurred in motor production at this season occurred with introduction of the new models during the fourth quarter of last year.



Happening in Washington

By E. K. T.

Annual Message—It was the night before Waterloo—three nights before—when the President delivered to Congress in person his report on the state of the bad foreign world (instead of the "state of the union") and the opening Democratic speech of the 1936 campaign. He spoke of the success of autocrats in Europe and of the triumph of Democrats in America—and he spoke with the air of the victorious leader of the domestic fray. That was a Friday night. Came noon of the following Monday and the proud army of the New Deal was in rout before the Supreme Court, come to reinforce the home powers of greed. The President had challenged his enemies to repeal the acts of the New Deal, but the Court had saved them the trouble. The President spoke in fine fettle, he was vital, vigorous combative.

But it was a flop. Partisans glorified or damned the message, but the jury sitting before the radio receivers all over the land were left cold. The reaction of the judicious was that the scolding of the Old World was in bad taste, and the campaign speech claptrap. The public was in an antipathetic mood for the rebuff that was to come.

Washington Sees—

Long and disorderly session of Congress ahead.

Supreme Court to blame for disregarding plan for short and orderly session.

Congress taking the lead.

President's annual message disappointing.

Budget no budget at all.

President emulating Andrew Jackson—and perhaps getting a second term on the Supreme Court's A A A decision.

Some new move in silver policy—looking perhaps toward greater use of silver, if not bimetallism.

Move to nationalize aircraft manufacture.

Nye committee trying to defame the House of Morgan.

President's waning popularity due more to war on utilities than to anything else.

Inflation as a postlude to destruction of A A A.

The Budget Message was a disappointment because it approached within about a billion of a balance, only by leaving out 1937 relief appropriations which may turn out to be the biggest item in the roll of expenditures. It is true that the President deserves credit for his candor in conceding that it was impossible to compute the relief bill and in the warning that the budget had a hole in it as big as a barn door. Nevertheless, there it stands in the 1937 column of budget comparisons (Page XXIII) "deficit, $1,098,588,720"—precisely—as compared with a deficit of $3,324,507,392 in 1936, and $3,575,357,963.61 in 1935. To this unbalance must be added whatever sums are later appropriated for relief under whatever name, at least a billion dollars for soldiers' bonus payment—more likely two billions—in the next eighteen months, and the score of the A A A rout (for whatever succeeds A A A will be all deficit, with processing taxes gone). So the year of boasted retrenchment in national fiscal affairs is likely to be the year of apical spending. The reassuring fact emphasized by the budget message and the figures themselves is that as business revives there pours into the Treasury the largest river of revenue known since the times of heavy war taxation. So great is that river of cash and so abundant its sources that nothing can prevent its piling up surpluses in the near future except the most profligate waste of public funds. Of course, the credit of the Government remains magnificent.

But just as the nation's fiscal house was approaching order, we get the inroads of the bonus, and the temptation to disburse vast sums to rescue the farmer from the judicial disaster which has overtaken him.

Inflation raises its scarlet head again. The collapse of A A A is hailed by the inflationists in Congress as a Godsent opportunity to legislate prices back to 1926 levels and ratios. The objective of A A A was parity of prices and income between agriculture and industry. A few billions of expansion of the currency will do it, the inflationists say. The Rooseveltian theory that America's troubles proceed mostly from the slimy "money changers" has the effect of making many of the violent friends of the farmers feel that somehow it was they that pulled the strings as the puppet justices mechanically spoke. A vague scheme of revenge follows, the idea being something like this: The "powers of greed" having rebuffed the farmers we will now help the farmers in a way that will terrify the money hogs.

But the time for inflation to triumph has passed or, at least, will pass when the bonus bill has been enacted without a shinplaster attachment. If fiat money can not be printed to meet such an exiguous debt, it can not be printed at all in this country in this present time.

Refutation: A refreshing commentary on the widely disseminated idea that the modern American people are made up of fanatically bitter plebeians who spend their time eyeing the rich covetously and hatefully came to me when I asked one of the veteran Democratic members of Congress what in particular started President Roosevelt on his present descent from the heights of popularity he so long enjoyed. The answer, without a second's hesitation, was: "His inexorable stand for the death sentence for public utility companies. There seemed to be in it a cruel disregard of property rights."

This man, mind you, comes from a rural district. "The President's attitude," said the Congressman, *"struck the people of my district as being one of ruthless persecution of millions of good and innocent people who chanced to have their savings in holding companies."*

Public ownership sentiment is growing in this Congress. It is a natural line of development in the present environment. The President and his satellites are continually voicing the teaching that the men of great business affairs are public enemies by virtue of unrestrained greed if not by economic philosophy. The only escape from them (regulation having failed), is, it is contended, public ownership. One of the outstanding objectives of the public ownership drive is to put the Government into the business of manufacturing much if not all of the equipment of its activities. The impending expansion of aircraft in the military services has given an impetus to the more or less subterranean move to have the Government manufacture all its aircraft. But it is part of the general teaching that all munitions of war and instruments of war should be produced in government plants, which the public ownershippers find a convenient stalking horse for their socialistic ambition to have all the means of production put into the hands of the Government.

Representative Matthew A. Dunn of Pennsylvania is preparing to introduce a government ownership measure which will include the manufacture of aircraft.

As he sees himself

Building Finance Impasse — Nothing has yet been determined upon to meet the alleged need of a dependable market for the discounting of F H A assured mortgages. R F C is still waiting to see whether private capital will come forward and form National Mortgage Associations, but in the meantime it is reported to be becoming dubious as to the need of any government assistance in this field. R F C is currently offering six months' financing of residence *construction loans,* but has received applications for less than $200,000 worth of such mortgages from the entire country! The whole question of future housing promotion with governmental assistance (both F H A individual and mass housing) is in a chaotic condition.

R F C will not go ahead with the financing of the National Mortgage Association, nor will private capital go into them until a decision has been reached as to whether F H A insurance is to go on. It has not even been determined whether Congress will be asked for an extension of modernization of insurance beyond March 1, 1936, or of original building insurance after January, 1937—which are the terminating dates under the present law.

Note that the word has been passed by the White House to all executive departments and agencies to go slow in proposing new industrial legislation of any kind. Moreover, there are so many signs of an invincible revival of business activity that it is hoped that two or three months more will show that there is no emergency need of further legislation promotive of residential housing. Discontinuance of F H A insurance would be welcomed by the building loan associations, the insurance companies and other extensive financiers of residence building.

"No national mortgage discount bank" is the decree that is bringing disappointment to realtors. This is another evidence that the New Deal is through with new loads. Realtors wanted such a bank, not withstanding the possible creation of National Mortgage Associations, because the latter would rediscount only residential loans.

"goes 'round and 'round" . . . *and it comes out here*

The Roosevelt-Andrew Jackson parallel having been a favorite one with me on sundry occasions, I feel highly complimented that the President adopted it in his speech at Postmaster General Farley's $50-a-plate Jackson Day dinner. Being human, I shouldn't wonder if the President, looking across from the White House to the bronze General Jackson astride an equally bronze war horse, champing at his bits and rearing to charge the enemy, has not

(Please turn to page 421)

Our Selection of—

Stock Market Leaders for 1936

Where Broad Advances Are Indicated by:

—Present and Prospective Earnings
—Favorable Industrial Outlook
—Secure Financial Position
—Strong and Able Management
—A Future Not Yet Discounted
—Large Profit Possibilities

By The Magazine of Wall Street Staff

WE present herewith and briefly analyze a group of common stocks which, in our opinion, should stand out in the stock market of 1936 from the standpoint of price appreciation.

These issues are favorably situated from the standpoint of management, resources, industrial prospects and earning power. Great emphasis has been accorded the last factor; but the endeavor has been to select those issues in which potentialities have not yet been discounted and where broad advance on the basis of earnings in 1936 is expected.

The stocks in this list are not all of the same caliber, some being frankly more speculative than others, but we believe that as stakes in recovering industries with dynamic possibilities all are worthy of the most serious consideraton.

Standard Oil Co. (New Jersey)

Current Price $55		**Div. $1—plus extras**
		Earnings Per Share
		1927-1929 Average....$3.57
1935 Range		**1932 .... 0.01**
High	**Low**	**1933 .... 0.97**
52 3/8	**35 3/4**	**1934 .... 1.76**

Standard Oil Co. (New Jersey) reports to its stockholders on a consolidated basis but once a year, so that there is no concrete evidence as yet of how the company did in 1935. The improvement that has taken place in the industry, however, makes it certain that this company, the largest of a series of oil giants, has obtained its share of the benefits.

Our issue of January 4, last, called attention to the manner in which potential production in the East Texas field has declined and how, in consequence, prices have firmed and how, the outlook for oil although not without its dangers, had become the best in years. Mention was made also of the manner in which Standard Oil (New Jersey) greatly increased its potentialities during the years of depression by the acquisition of Pan-American Foreign and by way of the expansion undertaken by its subsidiary, Humble Oil.

For last year, Standard Oil Co. (New Jersey) reported a consolidated net profit of $45,618,960, after depreciation, depletion, amortization, retirements, taxes and other deductions. This was equivalent to $1.76 a share on each of the 25,856,081 shares of common stock outstanding. For 1933 the company showed a net profit equivalent to 97 cents a share of common stock. The two years, however, are not comparable, for the books covering the more recent period were made up on a basis that made the profit about $8,000,000 more than would have been shown had the practice of 1933 been followed. Even so, 1934's results were the best of any year since 1930.

The company's balance sheet as of the close of 1930 revealed the usually strong financial position. Current assets totalled $609,000,000, of which $133,000,000 was in the form of cash and $94,000,000 in the form of marketable securities at cost—the cost being less than market values. Current liabilities amounted to $202,000,000. With the redemption towards the beginning of last year of $90,000,000 in parent company debenture 5s, and certain other long-term obligations, the company reduced the long-term funded debt ahead of its common stock to negligible proportions. The funds for this debt retirement were obtained from the company's own resources, by means of bank loans and from the private sale of short-term serial debentures.

It is difficult briefly to convey the size and scope of Jersey's business, but some idea may be obtained from the following facts: the company's total resources are close to the $2,000,000,000 mark; its gross operating income last year was in excess of $1,000,000,000; its business of producing, refining and marketing of oil and its derivatives is world wide. Improvement in the demand for petroleum products, or more remunerative prices for such products, no matter where it occurs, can hardly help but react to the benefit of the Standard Oil Co. (New Jersey).

It is true that the well known conservatism of Standard Oil may deter the company from sensational dividend disbursements or perhaps even from making as fine a show of earnings as it could; but huge earning power is present which is not discounted by current levels of 55. Under the prospective conditions of 1936 as we see them, the stock represents one of the strongest and most promising equities.

Electric Bond & Share

Current Price $17			Div. —
		Earnings Per Share	
		1929	$5.91
1935 Range		1933	0.44
High	Low	1934	0.21
20⅜	3½	1935 (Est.)	0.15

The common stock of the Electric Bond & Share Co. gains its position in this group frankly as a speculation.

Some time during this year the Supreme Court will pass on the Holding Company Act. If it is favorable to the utilities, there should be broad gains in Bond & Share, long considered in the public mind as one of the leaders in the holding company group.

The company holds large blocks of securities in other companies which are themselves holding companies. These affiliates are American & Foreign Power, American Gas & Electric, American Power & Light, Electric Power & Light, National Power & Light and United Gas.

Augmenting the revenues derived from security holdings and advances made to the affiliates, the Electric Bond & Share Co. derives a very substantial income from certain supervisory and engineering services performed for these same affiliates. Although the company itself does not break-down its receipts, the service revenues at the present time are estimated to be not far from as much as the revenue derived from securities. Net income for the twelve months to September 30, last, amounted to $9,264,973, after expenses and taxes. This, after dividend requirements on the 300,000 shares of $5 preferred and 1,155,655 shares of $6 preferred, was equivalent to 15 cents a share on each of the 5,267,147 shares of common stock (including scrip) outstanding at the end of the period. For the September quarter, the company's earnings were equivalent to 2 cents a share on the outstanding common.

The company is more than ordinarily strong financially. At the end of last September, current assets, including nearly $43,000,000 cash, United States Government and other short-term securities, totalled $43,919,462, whereas current liabilities were less than $4,000,000. Nor does this, of course, really convey the full financial strength of the organization, for if necessary the company could easily dispose of part of its investments which are easily marketable.

The Electric Bond & Share Co. was discussed very fully in The Magazine of Wall Street of January 4. It will suffice, therefore, to repeat that the gains in electric power output, which have carried the consumption of electricity to all time record high levels, makes for the finest of economic foundations. And this, coupled with the belief that the political agitation, which has so handicapped the public utility industry in this country over the past few years, will receive shortly a severe rebuff at the hands of the Supreme Court, would seem basis enough for moderate speculative commitments in Electric Bond & Share common.

Anaconda Copper Mining Co.

Current Price $30			Div. —
		Earnings Per Share	
		1927-1929 Average	$6.35
1935 Range		1933	def.
High	Low	1934	0.22
30	8	1935 (Est.)	1.25

Moving from a low of $8 a share to a high of $30 during 1935, the common stock of the Anaconda Copper Mining Co. certainly staged a great come-back. Nor has the rise in the stock been without firm foundations. Net income of $7,856,153, after interest, depreciation, Federal taxes and depletion of timber, coal and phosphate lands, but before depletion of metal mines, for the first nine months of last year was equivalent to 90 cents a share on 8,674,340 shares of common stock. This compared very favorably with the net income of less than $2,000,000 which the company reported for the whole of 1934 and even more favorably yet with the deficits incurred in each of the three preceding years.

For the full year 1935, the Anaconda Copper Mining Co. is expected to report net income in the neighborhood of $11,000,000, or the equivalent of roughly $1.25 on each of the outstanding shares of common stock. This showing, in view of the fact that the company has liquidated its bank loans with the proceeds of $55,000,000 of debenture 4½s which were sold recently, makes it likely that the directors will consider shortly arranging some distribution to holders of the common.

Fundamentally, the position of the Anaconda Copper Mining Co. is good. It is the largest single factor in the industry. Not only does it mine copper in huge quantities and other non-ferrous metals in substantial quantities, but it is one of the world's largest fabricators of copper. Among its mining properties, Chile Copper, operating in Chile and Greene-Cananea, operating in Mexico, enjoy particularly low costs, the benefits of which will become ever more noticeable as they operate more nearly at capacity.

During the years of depression, the copper industry got itself into a deplorable statistical position. Stocks became huge and it seemed no matter how the industry tried to curtail production, demand always fell faster. However, as recovery gained momentum, production curtailment programs became effective, stocks on hand began to decline, and in consequence prices firmed. Today, domestic copper is about 9.25 cents a pound, while that sold abroad commands about 8.7 cents a pound—a level at which low-cost producers can do reasonably well if permitted to operate at a fair percentage of their rated capacity. With the automobile industry likely to be active during the present year and with building headed very definitely upward, with a big market for appliance and the potential buying of the utilities, there is every reason to expect further substantial improvement in the affairs of Anaconda.

Holland Furnace Co.

Current Price $31			Div. —
		Earnings Per Share	
		1927-1929 Average	$3.55
1935 Range		†1933	def.
High	Low	†1934	def.
30¾	5¾	†1935	.85

† Year to March 31.

Helped already by the great improvement that has taken place in residential construction, Holland Furnace Co. faces a better fundamental outlook for the coming year than at any time since the spring of 1929. The company is the largest manufacturer of warm-air furnaces in the country; it does a large repair and replacement business and has been benefited importantly by the Federal Housing Administration's modernization loan scheme. There are estimated to be not far from a million Holland furnaces in operation throughout the country as a whole, so that it will be seen that the possibilities in renovation and replacement can hardly have been more than scratched as yet.

In addition to its old-established and normally profitable furnace line, the Holland Furnace Co. has entered the air-conditioning field. Yet, while the company has installed several thousand air-conditioning units in homes, the full possibilities of this field seem somewhat slow in materializing. The clearly defined potentialities at some future date, however, are something which gives to

Holland Furnace's common stock a real speculative attraction.

Because of the depths to which building activity sank during the years of depression, Holland Furnace was more than ordinarily hard hit. Sales volume for the fiscal year ended March 31, 1933, was only $7,370,000, compared with a peak of $18,672,000 for the 1929 calendar year. In only one year, however,—the one that ended March 31, 1933,— did the company fail to earn something towards its interest charges. Since that time recovery has been quite marked; the year that closed last March showed interest charges covered 4.39 times, a balance for the preferred stock equivalent to $40.80 a share and a balance for the common equal to 85 cents a share. For the six months to September 30, last, the company reported a profit of $471,993, after interest, depreciation, etc., but before federal taxes, compared with a profit of $147,966 for the corresponding previous period.

The capitalization of Holland Furnace consists of 10,715 shares of 7 per cent cumulative preferred stock of $100 par value which is followed by 426,397 shares of common stock of no par value. Funded debt at the end of the last fiscal year stood at $1,987,000 in the form of debenture 6s, which mature next October. In view of the manner in which the company's earning power is recovering, this maturity should present no difficulties. This is the more especially the case in the light of the strong financial position that Holland Furnace is able to show. At the end of the last fiscal year, total current assets of $6,191,000 included $1,895,000 in cash.

Despite the fact that the company is earning money on its common stock and that the outlook for the coming year is excellent, it may well be that the common stockholder will have to exercise some patience in the matter of dividends. There is first of all the maturing funded debt which has already been mentioned. Undoubtedly, the company will like to maintain the best possible financial position until this is settled. In the second place there are the dividends that have accumulated on the preferred stock. These amount to about $20 a share, or roughly $200,000 in all—not a great sum in itself; one which the company could well afford to pay now, but which nevertheless must be cleared up before the common can receive anything. Thirdly, there is the expected expansion in business to be considered. If present hopes materialize, Holland Furnace is about to do a great deal more business than it has done in recent years and money will be required to carry it on. These, of course, are only possible obstacles to common dividends and ones operative over the near-term at that. Eventually, if expectations prove well grounded, common stockholders will be beneficiaries and those paying the present price of $31 a share for the issue should find it a profitable commitment.

Pure Oil Co.

Current Price $19			Div. —
		Earnings Per Share	
		†1928-1930 Average	$1.85
1935 Range		1933	nil
High	Low	1934	def.
17	5⅞	1935 (Est.)	1.50

† Years to March 31.

As was pointed out in the extensive analysis of the Pure Oil Co. in THE MAGAZINE OF WALL STREET of November 9, last, this company is a well-integrated organization possessing a factor of fundamental strength in large reserves of crude. Proven reserves are estimated at between 300,000,000 and 400,000,000 barrels, while present production is in the neighborhood of only 20,000,000 barrels a year.

Having produced its own oil, transported it by its own pipe lines or on its own ocean-going tankers, it is refined in the company's own refineries, distributed in the company's own trucks and sold through its own outlets. From the physical standpoint the position of the Pure Oil Co. could hardly be improved upon. The proven reserves, estimated between 300 and 400 million barrels, are carried on the balance sheet at only 46 million dollars although at the present price of crude they are worth at least 300 million. Allowing for senior obligations, bank loans and accumulated dividends this equals $74 per share of common, to say nothing of other assets.

On the other hand, ahead of the common stock, there is $32,000,000 in 4¼ per cent fifteen-year sinking fund notes, $5,000,000 in bank loans, 2,360 shares of non-callable 5¼ per cent cumulative preferred, 167,640 shares of 6 per cent cumulative preferred callable at 110, 130,000 shares of 8 per cent cumulative preferred also callable at 110 and, finally, dividend accumulations on these preferreds not far from the $6,000,000 mark. The company's financial position as of May 31, 1935, disclosed total current assets of $30,554,901, of which $6,641,000 was in the form of cash. Current liabilities amounted to almost $10,000,000. It will be clear that dividends accumulated on the preferreds will have to be paid off, or otherwise arranged for, and a stronger financial position built up before the common can reasonably expect to receive anything.

Nevertheless real progress is being made, and larger earning power is expected. The company issues no interim reports, but in connection with a note issue it made the statement that profits for the first half of 1935 totalled approximately $3,400,000, after dividend requirements on the various preferreds for the period. In view of the satisfactory rate of consumption during the second half of the year and the prices which prevailed during that period, the company is thought to have doubled this showing for the full year. If it *has* succeeded in doing so, earnings will be equivalent to roughly $1.50 a share on each of the 3,038,370 shares of common stock outstanding. In any event—and the least that can be said—is that the company undoubtedly materially improved its working capital position last year and made definite progress towards the point where consideration can be given to the liquidation of dividends on the preferreds. The common, currently selling around $19 a share or only about 12 times expected 1935 earnings, represents a stake in the mounting consumption of petroleum at a time when there is definite evidence of waning over-production, and in a company that is physically sound and well protected by crude reserves.

The Electric Auto-Lite Co.

Current Price $38			
		Earnings Per Share	
		1927-1929 Average	$7.87
1935 Range		1932	1.21
High	Low	1934	0.78
38¾	19⅜	1935 (Est.)	2.00

It was a hard blow to the Electric Auto-Lite Co. when it lost the major electrical equipment business of the Ford Motor Co. in 1932. Since then, however, a deal of the ground lost has been regained, for the company has contracted on a long-term basis for the whole of the electrical equipment business of the Chrysler Corp. and has contracts besides with Packard, Nash, Hudson and other automobile manufacturers.

Electric Auto-Lite is the largest and one of the most important of the automobile accessory companies. Its line includes starting, ignition and lighting equipment for automobiles, trucks and buses. It is a manufacturer of storage batteries, automobile lamps, small tools, etc. By the acquisition of Moto Meter

Gauge & Equipment and several other smaller companies, Auto-Lite has expanded its line to include heat indicators, heat measuring devices, die castings, bumpers, etc. In addition, the company attains a degree of independence of the automobile industry through the manufacture of electric clocks, flashlights and batteries. Even so, the automobile accessory part of the business under current conditions probably accounts for 80 per cent or more of the total.

Because of the automobile industry's decision to introduce new models in the fall instead of the spring, the Electric Auto-Lite Co. had an unusually good fourth quarter last year. During the first quarter of 1935 the company earned the equivalent of 52 cents a share of common stock, in the second quarter 49 cents and in the third 30 cents, for a total of $1.31 a share for the nine months. If the final quarter is found to have come up to what was expected of it, Electric Auto-Lite should report for the full year earnings equal to at least $2 a share for the common stock—probably somewhat more. This is an ample margin for the regular dividend of $1.20 a share and may even result in an extra.

On the other hand, Auto-Lite has $4,500,000, represented by 45,000 shares of 7 per cent preferred stock, outstanding ahead of the 1,177,653 shares of common. This is callable at $110 a share and it is possible that the company would prefer to have it out of the way before materially increasing common dividends. The preferred might be retired perhaps by means of bank loans in conjunction with the company's own resources, or it undoubtedly would be possible to float a bond issue (mortgages for which the company is obligated currently are negligible) with fixed charges materially less than is being paid in the form of preferred dividends. Whichever way Auto-Lite should decide to redeem its preferred, even though it resulted in some delay in increasing payments made on the common, it ultimately would bring benefits to the holders of the junior shares.

Financially, Electric Auto-Lite is strong. Current assets as of June 30, last year, totalled $11,323,368, of which more than $4,000,000 was in the form of cash and marketable securities: current liabilities amounted to $2,061,416. The company's net working capital increased $2,740,000 during the first six months of last year and undoubtedly has increased substantially since.

Electric Auto-Lite has been hampered in its participation in the recovery in the automobile industry by labor trouble in the Toledo district. It looks, however, as if the company were taking steps to avoid a re-occurrence of the strikes and hinderances which have come at the height of the automobile season in the past. Not long ago a letter was sent out to the company's 5,000 employees in Toledo asking whether they were able and willing to accept employment in the company's plants in other cities because "there may be a decided lull in production the first quarter of next year (1936), or employment may be interrupted for other reasons." It was not long ago that Chevrolet closed its transmission plant in Toledo and when it was re-opened it was found that part of the production had been moved permanently elsewhere. If Auto-Lite's letter is as significant as it seems to be, the company would appear to be planning similar steps in the event that labor in Toledo continues unreasonable.

With the threat of labor trouble diminished, Electric Auto-Lite is now in a much better position to take advantage of the expected activity in the automobile industry—a situation which should be reflected fully in the price of the company's stock.

Distillers Corp.—Seagrams, Ltd.

Price $33 — Dividend—None

1935 High 38½ — 1935 Low 13⅝

Earnings Per Share*

1935	1934
$5.05	$0.66

Funded Debt—None. Preferred Stock—None. Current Assets, $22,348,000. Current Liabilities, $4.250,000.

*** Fiscal year ended July 31.**

The outlook for the liquor industry is more clearly defined than at any time since the advent of Repeal, two years ago. This is not to say that all of the imponderables have been eliminated but the evidence of progress and rationalization is indisputable. During the past two years, the liquor industry has been plagued not only by all of the problems which a new industry almost invariably inherits but these were multiplied by a veritable host of factors, some of which were the sole property of the industry while others were of a social character. Without discussing these in detail it suffices to say that out of the early welter of confusion and chaos, order has gradually emerged and corporate leadership has been definitely established.

The salient items on the credit side of the industry's ledger last year include lower prices to the consumer, the improved quality of all products, increased consumption and the elimination of the "shoe string" elements in all divisions of the industry. On the debit side is the continued existence of the bootlegger, the possible threat of overproduction and its attendant menace of uneconomic price-cutting. Of these later factors, however, there is none which would not lend itself to control and gradual dissipation. Consumption of distilled spirits exclusive of imports last year has been estimated at upwards of 70,000,000 gallons as compared with 52,000,000 gallons in 1934. Whiskey accounted for nearly 65 per cent of consumption last year. With the full benefit this year of the 10 additional states which ratified Repeal last year, plus the stimulus of lower prices and the decreasing advantage of the bootlegger, as well as greater public purchasing power, consumption this year should approximate 100,000,000 gallons, or about one gallon per capita. An increase of more than 30 per cent in consumption should more than offset the reduced prices and lower profit margins.

Not only do the cumulative effects of these factors promise to have a salutary bearing upon the earnings of Distillers-Seagrams this year, but they will be enhanced by the advantages which may logically be expected to revert to the company as a result of the recent 50 per cent reduction in the duty on Canadian whiskies. The company is the largest holder of aged American-type whiskey, which it will now be able to bring into the United States and sell, either straight or blended, on a more attractive price basis.

Although Distillers-Seagrams did not enter the domestic market with its Crown line of blended whiskies until some months after Repeal, it has swiftly established its products among the sales leaders. Through experience and sagacious merchandising methods the company has gained valuable good will among retailers and its recent action in promptly giving consumers the full benefit of the tariff reduction, plus something from its own pockets, should do much to cement this relationship—to say nothing of the impetus which should be given to sales of both blended and bonded brands. Domestic brands, in addition to the Crown blends, include Calvert, Old Drum, and Seagram's Gin, Julius Kessler, while imported bonded brands include V. O., Ancient Bottle 83, Pedigree and several well-known brands of English Scotch whiskey and gin.

The company's operations in the United States are conducted through several subsidiaries and distilleries, warehouses and bottling facilities are owned in Kentucky, Indiana and Mary-

land. Capitalization, includes no funded debt or preferred stock, being made up entirely of 1,742,645 shares of capital stock. The shares were listed on the N. Y. Stock Exchange late last year.

Like other companies in the industry Distillers-Seagrams has been compelled to use a substantial portion of its working capital in building up aging stocks of whiskey and at the end of the last fiscal year (July 31, 1935), inventories of 29,000,000 gallons were carried on the books at $16,206,000. Total current assets, including cash and securities of $1,403,000, were $22,348,000, while current liabilities amounted to $4,250,000. During the year bank loans were reduced $5,500,000 to $2,000,000.

In the 1935 fiscal year, profits of $8,791,580, after liberal allowances for advertising and other promotional expenses, were equal to $5.05 a share, as compared with 66 cents a share earned in the same period of 1934. Selling at 33, the shares appraise both recent and prospective earnings on an exceptionally conservative basis. Rather than casting any doubts on the company's future, this doubtless reflects the unseasoned nature of the liquor industry and the general belief that no dividends will be forthcoming until the creation of the necessary inventories is completed. Yet the known factors concerning Distillers-Seagrams seem sufficient to warrant confidence in the company's ability to maintain its position and extend its gains, while dividends may be much nearer than is probable in the case of issues which regularly sell at a much higher ratio to earnings. As the favorable aspects of the situation become more generally appreciated, Distillers-Seagrams shares should sell substantially higher.

Paramount Pictures Corp.

Price $10½ Dividend—None

1935 High—12 1935 Low—8

Estimated Earnings Per Share, 1935	$0.75
Funded Debt	$27,500,000
6% 1st Pfd. Stock	275,000 shs.
6% 2nd Pfd. Stock*	644,100 shs.
Common Stock	1,610,452 shs.

* $10 Par.

The result of a thoroughgoing reorganization, Paramount Pictures Corp. began its corporate career under circumstances which bid fair to restore the company's former industrial prestige and earning power. In addition to the necessary internal corrections achieved by the reorganization last year, the motion picture industry, as a whole, aided by steadily increasing box-office receipts, technical progress and a better quality of productions, is in the process of rejuvenation.

The difficulties responsible for the receivership of the former Paramount Publix Corp. were almost entirely financial, as opposed to any change in its status as a major producer, distributor and exhibitor of motion pictures. The company made the unfortunate mistake of participating in the reckless competitive drive to acquire theater properties in the late '20s, with the result that it found itself saddled with an additional $12,000,000 obligation at a time when earnings were receding rapidly. In 1933, the company defaulted bond interest and was thrown into receivership.

The plan of reorganization subsequently evolved, and approved last year, provided for a substantial reduction of the outstanding claims against the company and raised sufficient cash to permit the successor company to begin business adequately supplied with working capital. Outstanding claims against the former company were just short of $300,000,000. These, under the plan, were reduced to about $55,000,000. Additional claims, not wholly determinate, were provided for up to a maximum of $10,000,000. The settlement of these claims was made on the basis of 50 per cent in new 6 per cent debentures of the Paramount Pictures Corp. and 50 per cent in new 6 per cent preferred stock. The sale of second preferred stock realized $6,500,000, giving the new company total cash of $16,000,000. The amount of common stock of the former company was halved.

Giving effect to the foregoing, capitalization of Paramount Pictures consists of $27,500,000 of 6 per cent debentures, due 1955, $27,500,000 of 6 per cent convertible first preferred stock; $6,441,000 of 6 per cent convertible second preferred, $10 par; and 1,610,452 shares of common stock. As of January 1, this year, a full year's dividends had accrued on both classes of preferred stock.

With anything approaching normal earning power, interest requirements and preferred dividends would be covered by a comfortable margin. Late earnings, however, offer no reliable guide as to what may be expected in the current year. Burdened with non-recurring expenses entailed both in the reorganization and the revamping of the company's producing facilities, earnings last year will probably show no more than 75 cents or $1 a share for the common. Another factor is the company's policy of amortizing 80 per cent of the cost of feature productions in the first twelve months after they are released, indicating larger returns this year from a number of successful films released late in 1935.

Granting the speculative status of Paramount Pictures common, the shares, nevertheless, possess evident possibilities for ultimate price appreciation. The senior portion of the capitalization provides a strong factor of leverage and relieved of non-recurring expenses, a moderate gain in gross revenues could be translated into a sizable gain in common stock earnings.

Allegheny Steel Co.

Price $32 Div. $1.00 Yield 3.1%

1935 High—32 Low—21

Earnings Per Share

1927-29 Average	$3.83
1932	Nil
1933	0.10
1934	0.99
1935 (est.)	1.10

The Allegheny Steel Co. is the world's largest tonnage producer of "high alloy" or of stainless steels. The importance of this distinction can be more fully appreciated when it is realized that there is hardly an industry which does not use stainless steel in one form or another. The company advertises that its product, Allegheny Metal, is indispensable to more than 4,000 manufacturers. Among the major groups which use stainless steel in large quantities are included the automobile, aviation, shipbuilding, chemical, rayon, paper, food, dairy, construction and railroad industries. Of particular significance at this time, when the possibility of an extensive naval construction program looms prominently, is the fact that the U. S. Navy uses stainless steel in a hundred or more different ways. While the initial cost of stainless steel is comparatively high, this is offset by its superior strength, lighter weight and maximum resistance to corrosion and heat. Although the use of stainless steel has made rapid strides forward, its qualities and adaptability are such that it possesses dynamic possibilities for even broader application in the future. Although the basic patents covering stainless steel will expire this year, it is not expected that the price structure will be seriously disrupted or competition intensified. Royalties paid have been comparatively low and the original cost of constructing plants for the manufacture of steel alloys is so high that it is likely to dis-

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¶ Statistics Indicate That Business Activity Is Rapidly Approaching What Is Commonly Assumed to Be Normal—Yet Ten Million People Are Said to Be Out of Work

¶ Is Industry to Blame?—What Is Wrong?

Why "Recovery" Has Not Solved Unemployment

By Norman Trumbull Carruthers

UNEMPLOYMENT and what to do about it constitute this country's most pressing problem—but on no subject has there been such widespread misconception, such loose talking and such loose thinking, all predicated on insufficient factual data.

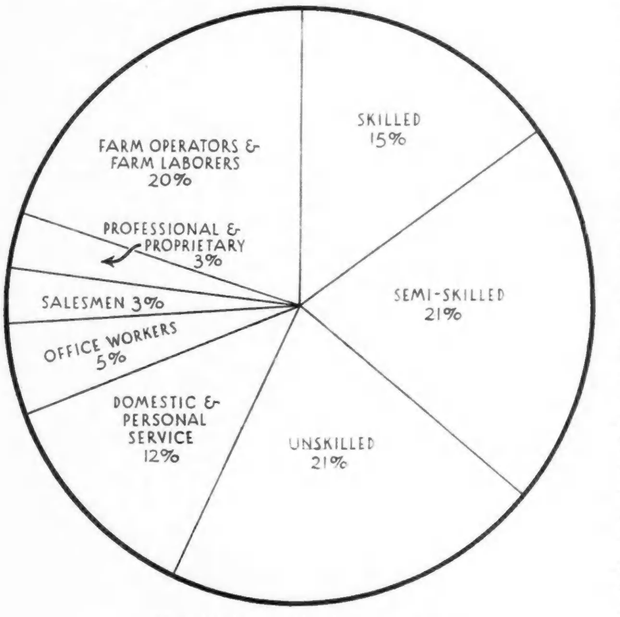
Believe it or not, nobody knows how many people are out of work. Estimates are all we have to rely on, for while we cheerfully spend billions on boondoggling it has not occurred to us to spend a few millions for an accurate, up-to-the-minute census of employment. The proportions of the emergency problem—as distinct from the normal unemployment always present even in good times—may be 4,000,000 people, or 6,000,000 or 8,000,000. It is quite probable that the current unemployment estimates ranging from 9,000,000 to 11,000,000 individuals exaggerate the position.

Believe it or not, unemployment is not primarily an industrial phenomenon, *and the solution can not be solely an industrial solution.* In the best year we ever had — 1929 — only 18 per cent of the total number of men and women gainfully occupied in the United States were engaged in manufacturing industry.

Believe it or not, there are more farmers and farm laborers on the Federal relief rolls today than there are factory workers on relief.

Believe it or not, machinery on the farms has created more unemployment than machinery in the factories.

Believe it or not, while millions are supported by public relief, numerous corporations today are confronted with a serious shortage of skilled labor.



Relief Picture by Occupations

Believe it or not, the worst unemployment is *not* in highly mechanized industry, but in the least mechanized industry.

Most of the above statements collide head-on with present widely-prevalent assumptions and theories, including the oft-voiced assumptions and theories of organized labor, as represented by the American Federation of Labor, of our social reformers, of the New Deal Brain Trusters and, indeed, of our political leaders right up to the President of the United States.

We are told repeatedly that employment is lagging behind industrial production. While N R A is dead and buried, its philosophy survives in continued agitation for a thirty-hour week law or some other legislative formula by which industry can be made to solve the unemployment problem. Through all such agitation runs the persistent notion that industry and the machine are the villains that we must deal with.

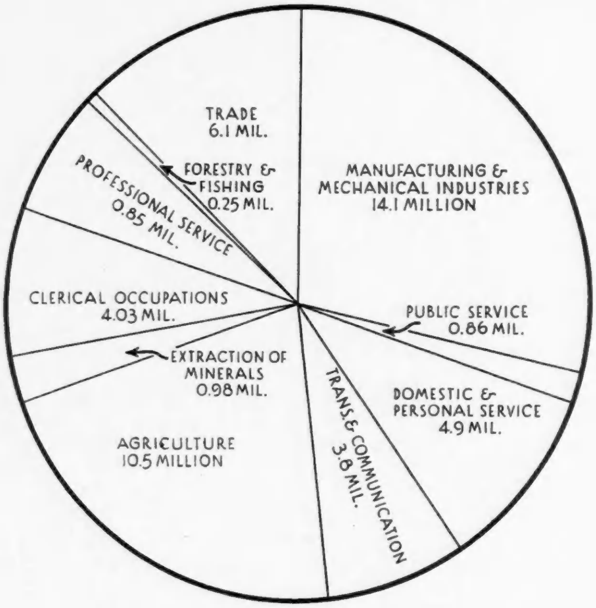
So industry is warned from time to time by Professor Tugwell or William Green or Senator Wagner or Secretary Frances Perkins or President Roosevelt that it had better solve the unemployment problem, or else—. Apparently it is thought that industry can and must take on some 10,000,000 of the unemployed—though all of industry, as defined in the Department of Commerce census statistics, employed only 8,838,000 persons in 1929 and on a conservative estimate is probably employing 7,225,000 today.

The farmers are not warned that they must take on more hired men or else a law will be passed about it. The housewives of the country are not ordered to hire more servants,

or to eat out in restaurants more often or to patronize the beauty parlor more freely in order that more service workers may find employment. There is no suggestion of a law to make people build houses so that more carpenters, bricklayers, plumbers and painters will have work. There is no thought of legislating enlarged employment among doctors, lawyers, dentists, artists, musicians, etc.

And yet the occupations included in the preceding brief paragraph — without mentioning trade, transportation and communication, clerical workers, forestry or mining — account normally for not much less than half of all employment and under present depressed conditions account, without question, for considerably more than half of all unemployment, indeed, probably for 60 to 70 per cent of all abnormal unemployment. It is to be doubted that manufacturing industry directly is responsible for more than 15 or 20 per cent of existing unemployment and it is even possible that the figure may be as low as 12 per cent.

These are provocative conclusions, in the absence of complete data; and it is worthwhile to explore them. The sources available to us include occupational statistics gathered by the W P A in its relief program, the employment estimates of the Department of Labor, the census figures of 1930 and the biennial census of manufactures of the Department of Commerce.



Number Gainfully Occupied, 1930

The employment index of the Department of Labor for last November stood at approximately 85 per cent of the 1923-1925 average. This figure is based on sample reports from a large number of concerns in a broad and representative list of manufacturing industries. The average employment in all manufacturing industry in the 1923-1925 period was around 8,500,000 individuals, as indicated by Department of Commerce manufacturing census figures for 1923 and 1925. If employment in industry is today at 85 per cent of that total, it amounts to 7,225,000 and is 1,275,000 under the base period. If we accept estimated total unemployment at 10,000,000, industry would appear responsible for less than 13 per cent of it.

Unemployed Groups

From the opposite approach, the W P A is responsible for the statement that of the total number of individuals on work relief and possessing previous work experience, about 34 per cent "normally work at occupations of the type found in the building and construction industry"; that about 20 per cent are farmers or farm laborers, and that about 12 per cent are domestic or personal service workers.

In short, these three groups outside of "industry"—as that term is used by our social reformers and as it is designated in our census figures—make up 66 per cent of all experienced workers on relief.

Carrying the occupational breakdown of experienced relief workers farther, W P A lists 5 per cent as skilled workers "in manufacturing and other industries," and 9 per cent as semi-skilled workers "in manufacturing and allied industries." The 9 per cent figure for semi-skilled workers "in manufacturing and allied industries," however, is decidedly misleading, for W P A includes in it such groups as delivery men, miners, dress makers, seamstresses, taxicab drivers, etc. Obviously, this is only in part an industrial group.

In view of the surprisingly small percentage of skilled or semi-skilled factory workers on relief, it is not to be wondered at that various industries, notably machine tool makers, report a shortage of skilled labor. The reason is not hard to find, for many old workers drifted into other occupations during the years of acute depression in the heavy industries, others died and young men coming of working age had little inducement or opportunity to take up skilled crafts.

The above figures cover only relief workers with past work experience. Among all of the relief workers 40 per cent are unskilled and 16 per cent have never had work experience of any kind. Of the latter figure two-thirds are between the ages of 16 and 25 and one-third are women in the same age group. The W P A census shows nearly 1,400,000 women on work relief, or available for work relief, the group constituting 28 per cent of the total, although the 1930 census showed women to make up only 22 per cent of the total number of individuals gainfully occupied. What happened was that depression forced thousands of dependent women, including housewives, to seek employment.

How Many Out of Work?

Out of a total of approximately 5,000,000 relief cases, it must be borne in mind that the Government lists 1,500,000 as unemployable for reasons of age, disability or what not. It need hardly be pointed out that while it is the obligation of the social system to provide for these individuals, it is not the obligation of the economic system to absorb them.

This brings us to the point where all statistics fall down. The Government reports 3,500,000 employable persons on relief. The National Industrial Conference Board reports 9,000,000 persons out of work. The American Federation of Labor estimates more than 11,000,000 are out of work. We know that in the best years there was a normal unemployment of fully 2,000,000 to 3,000,000. Looking at these contrasting and overlapping figures, the question is: What is the real proportion of the depression phenomenon of unemployment?

On the one hand, not all persons unemployed are on relief. Some—probably a small percentage—are living on past savings. Many are being supported by relatives. On the other hand there are quite certainly people on relief who would ordinarily be classed as seasonal or part-time

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“Operating” On a Continent

The Face of Nature Has Been Changed by the Gigantic Undertakings of Recent Years

By Theodore M. Knappen

FORGETTING the bill, the most inspiring achievement of the Roosevelt Administration is the physical reconstruction of the natural structure of America. Of the $18,000,000,000 appropriated ($12,000,000,000 already expended) for relief and recovery about $8,000,000,000 is more or less chargeable to some sort of public works (including $200,000,000 lent to railroads for specific right of way and equipment expenditures)—and the major part has involved some operation on the earth's surface. It has varied from boondoggling gutters and ditches to material-moving works that often rival the Panama Canal, and cost 20 times as much. The pictographic map on the following pages visualizes the resulting changes of physical geography.

Half a Million Projects

Big and little, something like 500,000 projects have been undertaken which involve some physical alteration of the surface of the American earth, or some other conquest of nature, to say nothing of superficial structures in all of the 4,000 counties of the United States.

On 50,000 miles of highways alone something like $1,200,000,000 have been or are being expended, not including the 80,000 miles of trails and roads built by the Civilian Conservation Corps.

Not counting the 3,500,000 persons now being transferred from the dole rolls to work relief at least 2,000,000 persons have been given some direct employment in these literally countless works.

Outstanding among the tasks undertaken have been continuation of flood control of the Mississippi River, the extension of navigation of the Missouri and Mississippi Rivers almost to their headwaters, flood control of the Missouri through the construction of the colossal dam at Fort Peck, Mont.; the building of a bridge eight miles long across San Francisco Bay, some assistance in building the approaches to the bridge across the Golden Gate at San Francisco; the $40,000,000 mid-town tunnel under the Hudson River at New York; the $60,000,000 tunnel under the East River, New York; and the Tri-borough bridge over the East River. At Eastport in Maine, the tides are being harnessed for power for the first time in history on a large scale. On the Columbia River the Bonneville and Grand Coulee dams are developing unusable amounts of hydro-electric power and vast lakes; and the former will provide irrigation for a million acres of land now nothing but desert.

Water, Bridges and Power

In the Southwest, work has been continued on the gigantic Boulder Dam across the Colorado River, $100,000,000 is being expended to divert the waters of the Colorado River into an all-American canal for the Imperial Valley irrigated regions; $60,000,000 is going into a conduit to convey water from the Colorado through and under 250 miles of desert and mountains, to the coastal regions of southern California, thus assuring potable and irrigating water for an ultimate population of 6,000,000. Fifteen millions are going into the water supply of the Central Valley of California and millions more to the Hetch Hetchy (San Francisco) water supply, and a hundred million more is going into the improvement or extension of existing irrigation systems and new systems. Rivers and harbors are undergoing mass improvement at a cost of $500,000,000—and $60,000,000 is being spent at Chicago to turn the Illinois and Mississippi Rivers from foul sewers back into sparkling streams.

Two bridges have been thrown across the Mississippi — one at New Orleans and one at Baton Rouge. A 200-mile sea-level canal is being dug across the State of Florida. It will be 250 feet wide at the bottom and 30 feet deep. It may cost more than $100,000,000. In Ohio the whole watershed of the Muskingum River is being put under perpetual flood control at a total

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Recovery and Relief Appropriations Allocated to the End of 1935, Involving, in Part, Physical Geography Alterations

Treasury Classification	Amount
1. Relief	
Civil Works Administration	$834,000,000
Emergency Conservation work (CCC)	1,270,000,000
Department of Agriculture Relief	93,000,000
2. Public Works (Including work relief)	
Boulder Canyon Project	78,000,000
Loans and Grants to States, Municipalities, etc	937,000,000
Loans to Railroads	197,000,000
Public Highways, including grade crossing elimination	1,193,000,000
River and Harbor Work	478,000,000
Rural Electrification Administration	9,000,000
Works Progress Administration	1,172,000,000
All Other "Public Works"	1,265,000,000
3. Tennessee Valley Authority	75,000,000
4. Resettlement Administration farm abandonment and improvement, huge population shift	199,000,000
Total	$7,800,000,000

Changing the

Physical Achievements

Face of Nature
of Recent Years

Chemistry Opens New Era for Agriculture and Industry

The Raw Materials for the "Factory Stomach" Will Come Increasingly from the Farm

By L. F. Livingston

President, American Society of Agricultural Engineers and Manager, Agricultural Extension Section, E. I. du Pont de Nemours & Co., Inc.

SUCH has been the change in the national consciousness toward agriculture, that even a casual review of developments presents a totally altered picture from that of only a few years ago. We still have a farm problem, so called, but factors that point to the permanent and satisfactory solution of that problem are now at work on a widely flung front. Although crop control by governmental agency is at the moment uncertain, it may be that some form of regulation will enter permanently into all farm production and use of land; but the future augurs not a control to curtail but a control to augment.

The nature of this control may continue to be political to the extent that its source continues in the state, but, by and large, the most important agencies to the farmer in the not distant future are going to be those represented by the industrial purchasing agent, the research chemist and the agricultural engineer. And it will be the task of the engineer, no small one either, to see that the farm acreage of the land produces handsomely. We are in the early dawn of a new golden era in agriculture. The first signs of that dawn are already streaking the agricultural sky.

Smith Photo, from Nesmith

Raw Material for Industry as Well as for Food

Do not misunderstand me. I am not essaying the role of a prophet. My sole purpose is to call attention to an array of developments of very recent years—developments that are facts and not fancies—and, by putting those facts together, make the simple addition that two plus two equals four. We have become accustomed to pessimism in thinking of agriculture—the nostrums of the politically self-seeking medicine men have been almost the only optimistic notes in our discussions of farm problems. Nevertheless, time and progress alike have been moving on, and the situation of yesterday is no longer that of the present.

Substantial and definitely constructive changes have been under way. If, in our distraction, we have let them pass unnoticed, it does not alter the fact that these changes have occurred. Considered in connection with certain other facts that long have been established, that, indeed, are the warp and woof of the American character, they can point but to a single conclusion, granting that we have any confidence at all in the future of the nation and in ourselves.

Industries rise and in their wake others decline and perish, but it is almost a law that the new is greater than the old. Horsedrawn vehicles now-a-days represent only a trivial fraction in the industry of transportation, but motor cars have become so common that even beggars may ride. There is in the making a new and a radically altered agricultural industry, the birth throes of which may be painful for the time, but which should not be mistaken for other than what they are. By every precedent this new industry should, in scope and importance, far exceed the old. It will be definitely allied with manufacturing, and the scientist and the engineer will be the chief lieutenants of both.

First, and by far the most significant of the recent changes bearing upon the future of American agriculture has been the rise in this country of an organic chemical industry. This development, dating from the war, has been prodigious. In buildings and equipment for the training of chemists, our

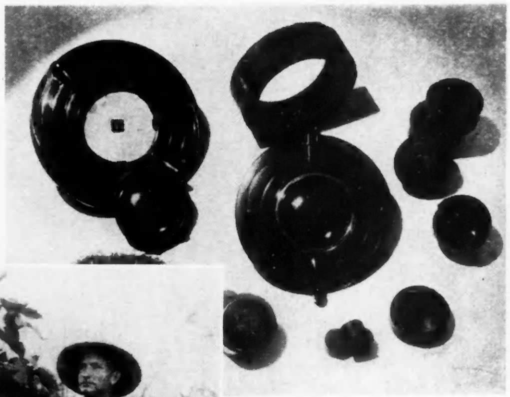
schools and colleges alone have invested more than 300 millions of dollars. Chemical manufactories have forged to the forefront of American business, hundreds of laboratories have been established throughout industry dedicated to the improving of the old and the creation of the new. And, simultaneously, inorganic chemistry has gained a new importance, with the result that chemicals and allied products now rank third among all industries in dollar value, being led only by foods and metals and metal products. Our corporate chemical investment is in excess of eleven and one-half billions of dollars.

A Science of Revolution

Organic chemistry, as it is being practiced today, is a science of revolution. The chemist has learned how to create, not by accidental discovery or black magic but by cold scientific calculation based on experience and accumulated knowledge. His objective is no longer imitation or duplication of natural products, if it ever was that, but is the creation of materials non-existant in nature.

For example, rayon is not an artificial silk but a new fabric with properties of its own. "DuPrene" is not a synthetic rubber but a material of totally different chemical composition that in many ways is superior to the natural product. But what is most to the point here, the chief raw materials of the organic chemist, the main tools of his trade, so to speak, are organic things that grow from the soil. The organic chemical march toward change is over a road paved in large part by the products of American forests and farms.

The seeds of cotton were once a waste and a nuisance. Today, thanks to the organic chemist, the seeds in a billion-and-a-half-dollar cotton crop have a value of over $200,000,000 to the farmers. Cotton seed oil goes into soaps, candles, lamp oil, cooking, and other uses. Cotton linters, another farm waste, are now an initial material in the manufacture of rayon and in coated fabrics that go into hand-bags, wall-coverings, and automobile upholstery. Billiard and golf balls, hair-brushes and combs, electric insulators, photographic films, and the unseen binder that makes safety-glass safe, all contribute their tithe to the Southern cotton farmer.



Photos from Nesmith

Soya Bean Plant and Some of Products That Ford Derives from It

At the same time, more than a hundred commercial uses have been developed by the chemist for corn, ranging from glycerines used in explosives to carbon-dioxide used in making "dry" ice. More than one-tenth of the corn crop now has as its market the factory. Wheat straw is being made into corrugated paper boxes; furfural produced from oat hulls is being sold in tank-car lots. The new wall board industry, which is revolutionizing building practices, is based on the chemical conversion of farm by-products that only a decade ago were deemed next to worthless.

I might go on indefinitely, for already the list of chemical conversions of farm products is long, although the chemist is relatively a newcomer on the agricultural scene. The fact that he has such solid accomplishments so early to his credit is an augury of the future that we need most seriously to consider.

Using Up Cotton and Corn

"The chemistry of the utilization of agricultural products and by-products or wastes is still in its infancy," says Dr. C. M. A. Stine, one of our foremost industrial chemists. Other observers see ahead a "factory stomach" that will consume far more from our farms than all of our hungry human stomachs together.

Development of a new outlet for cotton in road building, which forecasts an annual demand of from two to three million bales, was only recently announced at Peabody University. Uses for corn are being urged, that, if adopted, would consume the entire present crop without leaving one ear over for one Iowa hog. An eminent scientist has suggested that the day may not be far off when the farm will grow the bulk of our fuels, and the burning of coal and oil, with its chemical wastes, will be a civil offense. Such speculations sound fantastic, perhaps some of them are, but the straws that point major change are even now drifting in the wind.

In the meantime a second development is taking place, which is an outgrowth of this first and only slightly less than it, in significance to the farmer. His business, by which I mean our very largest and most influential corporations, is becoming increasingly interested in the agricultural puzzle. Of course, the manufacturer has always been concerned over the farmer as a market, but a new note is now evident. An unstable farm situation is a constant threat to business stability. Moreover, the manufacturer likewise has a production problem no less acute than that of his rural neighbors. The factory capacity to produce is also beyond the existing market to consume, and one big reason is that the farmer has not the means to buy his share, due in large part to wastes and losses.

The annual waste in agriculture, or, to put it another way, the loss suffered by farmers yearly for which there is no return, mounts to almost unbelievable figures. More than 6,000 known species of insects are costing growers each year something like $2,000,000,000. Thirty-four insect species alone cause a known damage of $924,440,000. Losses traceable to weeds are estimated at $3,000,000,000. Add to these figures another billion and a half chargeable to plant diseases, and the total of $6,500,000,000 is staggering. This is apart from the loss, equally staggering, that piles up yearly in the wastage of now unmarketable by-products.

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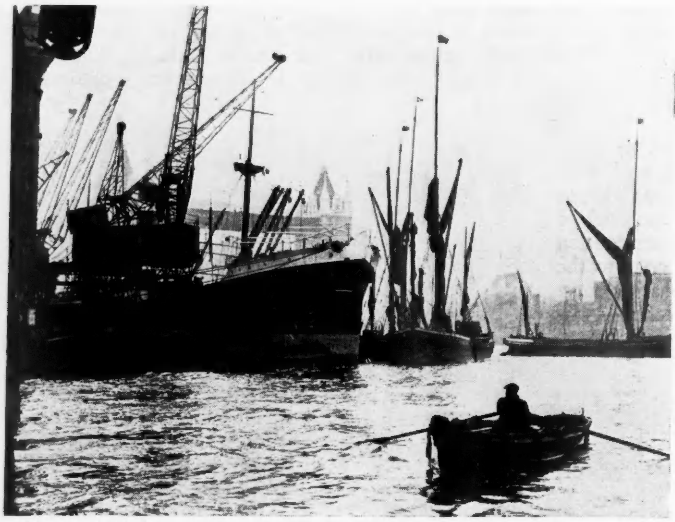
Significant Foreign Events

By George Berkalew

Foreign Representative of The Magazine of Wall Street

Will Italy Hold Out?

Although one can hardly take at full value any specific bulletin emanating either from Rome or Addis Ababa, there seems nevertheless no doubt but that Italy's African campaign is bogged down seriously. At the outset, difficulties of terrain and climate were known to be almost insuperable, but on top of these she has had to contend with unseasonal rains. It would appear almost beyond a shadow of doubt that Mussolini had been badly informed, or, possibly, that he over-rode his staff, giving his mechanized army credit for an ability that they did not in fact merit.



Wide World Photo

Port of London

British Tramp Subsidy Continued

Now what? Can it really be Il Duce's intention to keep his army in Africa during the rainy season and renew the campaign next winter? Apparently it is, although it certainly is an open question as to whether his country can stand the economic strain. There are valid grounds for believing that it will be unnecessary for the League to impose oil sanctions; that those sanctions which are in effect already, kept up for another year or more, may be sufficient to bring Italy to terms. And if such should be the case, how much better for her to bargain now than when she has her back to the wall. To gamble but a few short months longer—and lose—can mean nothing less than the fall of the present dictatorship.

* * *

Displacing American Cotton

Of considerable interest to the United States, and more especially the South, is the manner in which consumers of cotton are making a scientific and determined effort to achieve independence of the American staple. From Lancashire to India goes the chairman of the Indian Cotton Committee with a view to furthering English consumption of colonial cotton. To Brazil from Japan goes a Hachisaburo Hirao and returns to the mother country with glowing reports of the cotton growing possibilities of our South American rival — all this with a view to swapping Japanese manufactures, which we won't take, for the cotton which Japan must have. It might be well for the United States to decide whether she wants a cotton export market and, if so, what she proposes to do about holding the one she has. And the answer that is emphatically wrong is prices higher for American cotton than levels at which a satisfactory staple can be obtained from India, Brazil, Egypt and elsewhere.

Incidentally, it is interesting to note the continuance of the long-term drift of cotton manufacturing to the territory in which the raw material is grown. In the United States, the manufacturing industry has shifted importantly from New England to the South. In India, cotton piece goods production goes ahead by leaps and bounds—from 1,860 million yards in 1928 to 3,286 million yards last year and it is still expanding. There may possibly come a time when the United States will export only small amounts of raw cotton but will be a vigorous competitor of Indian, Brazilian and Egyptian mills in supplying the world with piece goods.

* * *

Unprofitable Shipping

While the betterment in world trade has effected some improvement in the status of world shipping, the outlook is still exceedingly obscure. The British tramp subsidy of £2,000,000 is to be continued another twelve months, but it is to be doubted whether the recent betterment is the result of such a subsidy; it might best perhaps be laid at the door of the conference which resulted in a well-maintained schedule of minimum and reasonable freight rates. In contrast to the modest revival evident in United Kingdom/World shipping, the situation in regard to British shipping in the Pacific is serious. The services linking Australia and New Zealand with the American Continent are

threatened with withdrawal. It is contended that the Japanese are subsidizing their Pacific services to the extent of more than $2,000,000 annually, that American Matson receives some $1,250,000 for mail and $200,000 for cargo and that American Dollar out of Seattle receives about $600,000. In addition, it is contended that the American lines have an advantage in a low rate of interest from the Government.

In view of what is evidently a difficult situation, it seems a pity that Washington should be considering increasing subsidies (whether in the form of larger payments for mail, or merely direct subsidy) for the purpose of putting more American ships on the seas—ships that seem clearly destined for an unprofitable and uneconomic life.

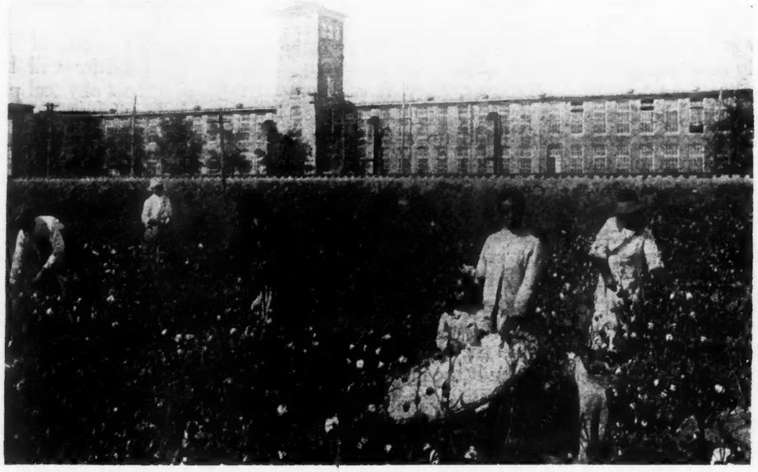
* * *

A World Horoscope for 1936

As one travels from country to country and supplements impressions with statistical evidence and reports from the various capitals of Europe, it is impossible to escape the feeling that there has been real improvement in world economy. It has not been easily attained; a thousand different obstacles loomed large, but progress has been made. Economically, only a rather widespread instability in the monetary outlook modify the gains. Unfortunately the same cannot be said of political progress, which continues hampered by a general distrust between nations and, in many instances, between races and creeds making up the same nation.

British industrial production equals or exceeds that of 1929. The Ministry of Labor has just issued a most interesting report covering employment in various types of industry. It brings out forcefully how, over the past ten years, there has been a steady decline in those employed in raw material and basic manufacturing industry and how transportation, distribution and miscellaneous service industries have acted to take up the slack. This, undoubtedly, is in line with experience in the United States, well illustrated by the lagging demand for heavy steel accompanied by remarkable activity in light steels.

Czecho-Slovakia has had the advantage of an exceedingly good harvest and industrial production has risen moderately. Belgium continues to do better since the devaluation of the belga. The situation in regard to Germany is difficult of appraisal. On the favorable side there has been the increase in railroad traffic, an increase in coal production and a generally higher turnover in wholesale trade. On the unfavorable side there is the increase in unemployment and further declines in the "favorable" export balance, thereby further aggravating the problem of settling German obligations abroad.



Galloway Photo

AMERICAN COTTON

Brazil, Egypt and India Threaten it in World Markets

Russia, too, having made strenuous efforts to put her financial house in order and achieved more of a semblance of balance in her production, is on the upgrade and may in coming months prove a formidable competitor in world markets. That the Russian situation is regarded as improved, is seen in the likelihood that London will lend her $100,000,000 on short-term. As Russia expands in world markets, particularly will she encounter the ambitions of Japan, who continues to exploit cheap labor to extend her profitable world trade. And the United States, too, may well feel the repercussions, despite the probability that world markets will continue to broaden through the improved status of South America.

By and large, only the "gold bloc" lags behind the evolution towards recovery which is now in progress. Holland defends her stand on the florin despite the aggravated economic illness apparent in that country. With the aid of London and Paris, Switzerland prolongs her currency struggle with the attendant hardship of rising living costs.

In the meantime, France, preoccupied with a grave internal political situation, proceeds under a fictitious budget surplus. Just how fictitious it is, may be imagined from the fact that under the guise of an extraordinary budget, six billion francs have been appropriated for armaments and railway maintenance which are wholly unprovided for by the estimated revenues. It is believed that the Treasury will need to borrow some fifteen billion francs and may well have to pay a rate of interest as high as 5 per cent. The Regents of the Bank of France are said to be thoroughly convinced of the expediency of devaluing the franc —a development long expected—but they are unwilling to assume the responsibility for such a move under the present political stress, which has been further complicated by the indeterminable foreign policy of M. Laval. By his undercover championing of Italian interests, the Premier has run great danger of alienating Britain, Russia, the Little Entente and the Balkans —if, indeed, he has not already done so.

Whatever may be the outcome of the Italian-Ethiopian conflict or the application of oil and other sanctions, Italy will emerge a prostrate and feeble ally for France against Hitler and his avowed program of territorial Eastern expansion.

While Eden, Don Quixote of Geneva, tilts with the League windmill, an embryonic four power pact takes shape between France, Italy, Germany and England. If such an agreement is consummated, a similar status to that which existed prior to 1914 would again prevail.

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Port Authority Bonds as Investments

Bridge, Tunnel and Terminal Issues Offer Possibilities as Income Media

By J. S. Williams

Port of New York Authority Bonds

(As of Nov. 30, 1935)

Issue	Amount Outstanding	Call Price	Current Bid
Bridges			
Arthur Kill "A" 4½s, 1936	To be retired		100½
Arthur Kill "A" 4½s, 1937/1946			105½
George Washington "B" 4s, 1936/1938			103½
George Washington "B" 4s, 1939/1940	$18,420,000	100 '36	103½
George Washington "B" 4s, 1941/1950			103½
George Washington "B" 4½s, 1939	30,000,000	105 '39	108
George Washington "B" 4½s, 1940/1953			110
Bayonne "C" 4s, 1938/1940			103½
Bayonne "C" 4s, 1941/1953	8,861,000	103 '38	103½
Terminals			
Inland "D" 4¼s, 1936/1937			103
Inland "D" 4¼s, 1938/1940	14,820,000	105 '41	104
Inland "D" 4¼s, 1941/1960			104
Tunnels			
Holland "E" 4¼s, 1936/1937			103
Holland "E" 4¼s, 1938/1941	46,008,000	105 '41	106
Holland "E" 4¼s, 1942/1949			111
Holland "E" 4¼s, 1950/1960			111
Series "F" bonds (issued to N. J.)	2,500,000	....	...
Gen. & Ref. 1st series 4s, 1975	45,331,000	105*	104
Gen. & Ref. 2nd series 3¾s, 1965	16,500,000	105*	100

* Premium decreased after 1940.

A STRANGER arriving at the gates of New York might reasonably think that the Port of New York Authority had some jurisdiction over the pilot boarding his ship; that the big dredges he passed on the way up the bay were working under Port of New York Authority orders; that almost certainly the big new dock at which his ship was berthed had been built by some such body. But with none of these things and a great many more appearing in the same light has the Port of New York Authority anything to do whatsoever.

The Port Authority is a strange creature, described officially as a "municipal corporate instrumentality, created in 1921, by Compact between the States of New York and New Jersey, with the approval of the Congress of the United States." It was designed originally to settle the differences between two states trying to operate the same port and to facilitate the movement of freight in and about Manhattan. In its fifteen years of existence, however, it has done exceedingly little to facilitate the movement of freight in the manner originally proposed, for the very good reason that freight moving between New Jersey and New York is a movement in interstate commerce, and, therefore, the special province of the Interstate Commerce Commission.

Yet, if the Port Authority has been a virtual failure so far as doing what it was set up to do, it has been a remarkable success in other ways. This is probably because the politicians were never able to make the Port Authority the racket it might easily have become. The Commissioners, six from each state, who serve without pay, have always been able and public-spirited men. Moreover, they have been far-sighted enough to pay the salaries it required and build up a first-class technical organization for the Authority's adopted business of building bridges and digging tunnels.

The first bridges constructed by the Port of New York Authority were over the Arthur Kill and connected Staten Island with New Jersey. Gaining confidence, the Authority tackled the Hudson in the neighborhood of 180th Street and built the magnificent George Washington Bridge which will hold the honor of being the longest single span in the world until completion of the Golden Gate Bridge at San Francisco. It also built the Bayonne Bridge which, although of a completely different style, appeals to some senses even more than the George Washington. While it did not carry out the actual construction, the Port of New York Authority controls and operates the Holland Tunnel—a facility which, up to now, has been the most satisfactory from a financial standpoint of all the Authority's ventures. Then, there was recently completed Inland Terminal No. 1 in the neighborhood of 15th Street, Manhattan, showing that the Authority has not forgotten entirely the purpose for which it was originally conceived. Finally, there is in the course of construction the first operating unit of the Mid-Town Hudson Tunnel. In passing, it might be noted that the Tri-Borough Bridge now under construction and the proposed tunnels under the East River are not of the Authority's doing.

Anyone who has had occasion to use any of the Port of New York Authority's facilities will be struck first of all by their physical perfection and then might well turn to wondering as to their evidently staggering cost. "Whoever built this," he will say, "clearly had money to spend." Nor is there any question but that the Port of New York Authority *has* had money to spend and will likely obtain a great deal more. Moreover, it is important to note that by far the greater part of it has been the Authority's funds, raised by its own unaided efforts.

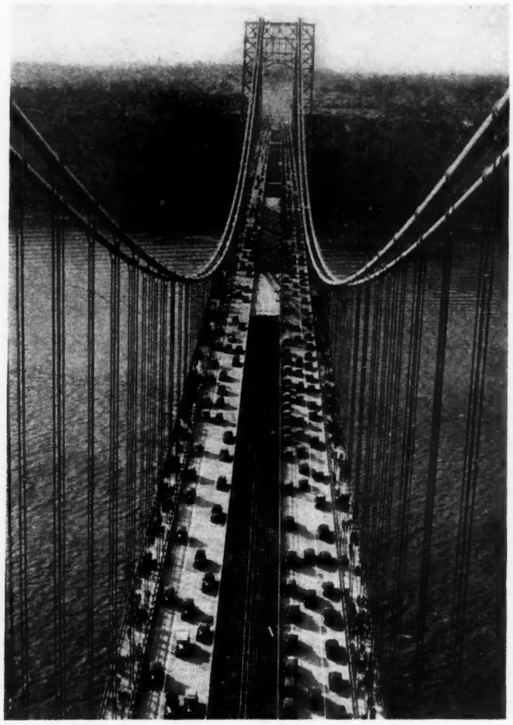
A better picture of the strange semi-private, semi-public curiosity that is the Port of New York Authority will be obtained by realizing that it has no power to levy taxes or assessments, that it cannot condemn property for its projects, that, when it sells securities, it pledges its own credit and in no way the credit of the states of New York and New Jersey. On the other hand, it does have the power to purchase, construct, lease and operate any terminal or transportation facility in the "Port District," although such powers,

strangely, in no way impair the hold of Congress over interstate commerce and the powers of the War Department having to do with navigable waters. Also—and most important—it is within the powers of the Port Authority to issue tax-exempt securities—securities exempt from Federal income taxes as well as New York State income tax.

In the table accompanying this article will be found a complete list of all the securities issued by the Port of New York Authority so far. Until very recently, it was the practice of the Authority to issue bonds, secured first by the tolls and revenues derived from a particular project and secured secondly by the General Reserve Fund. The customary provision for the disposition of tolls was that they should be used: (1) for operation and maintenance, (2) interest on outstanding bonds, (3) sinking fund, (4) reserve fund equal to 10 per cent of the issue, (5) repayment to the states of any moneys advanced and, (6) general reserve fund equal to 10 per cent of the issue. Thus it was at one time that there was considerable differences in the credit standing of the various Port Authority obligations; the Holland Tunnel bonds, for example, were rated high because secured by the revenues derived from the most profitable facility, while some of the bridge bonds were considered much less strong.

Now, however, that the Port of New York Authority has thoroughly established itself as a successful going concern, it has been decided to finance by pledging the revenues of the facilities *as a whole*. Hence, the most recent financing has been in the form of General and Refunding bonds, the last lot of which were sold only the other day—a 3.75 per cent coupon at 99. This decision to finance on the basis of the properties as a whole, coupled with the announced intention of refunding all the various issues secured by specific facilities currently outstanding has had the effect of ironing out much of the difference in standing which once existed between the various obligations of the Port Authority. Of course, until the different bridge and tunnel bonds *are* refunded, they will continue to hold a senior position so far as the revenues from the specific property are concerned.

At the present time, the Port of New York Authority has two properties which are very definitely profitable and three which are not. Fortunately, the two profitable ones are the largest, the Holland Tunnel and the George Washington Bridge. For the twelve months to November 30, last, the Holland Tunnel had a gross income $6,376,000, compared with $5,775,000 for the corresponding previous period. Net income, after operating expenses, bond interest, etc., was $2,779,000 and $2,258,000 for the two periods, respectively. On the other hand, traffic over the George Washington Bridge has slipped a little in the past year, although for the year to November 30, it still managed to report a net of $1,267,000 after all deductions. In the previous period $1,337,000 was reported. The Arthur Kill bridges, the Bayonne Bridge and the Inland Terminal all reported losses for the twelve months to November 30, the amount of the loss after charges being $292,000, $165,000 and $352,000, respectively. It will be noted, however, that the net income from the profitable properties was far in excess of the aggregate net loss reported by those losing money.



Acme Photo

The Port Authority Built the George Washington Memorial Bridge

Because it is the tolls charged vehicular traffic (Inland Terminal excepted) that give the Port of New York Authority's bonds their value, it follows that growth and changes in the traffic movement is a matter of vital importance. The Port Authority itself, of course, is fully aware of this and, in order to obtain as much knowledge as possible about traffic and its habits, has undertaken the most complicated surveys and studies. But even the most carefully made computations on traffic can be set wrong by some untoward happening. For example, original estimates on the George Washington Bridge turned out to be much too high because of the depression, while forecasts on the Staten Island Bridges were also high for the reason that new roads were built which tended to lure away traffic that might normally have used them.

On the other hand, despite the fact that it has proved an inaccurate forecaster in instances in the past, no group knows more about cars, trucks and buses moving between New Jersey and Manhattan than the Port of New York Authority. It is fully aware that the completion of the Mid-Town Hudson Tunnel which is expected by January, 1938, will divert traffic both from the George Washington Bridge and the Holland Tunnel. It is aware of the price-competition that it must meet from ferries, although it would seem that most of the ferries could not do much more than they have done already, for when people can have themselves and their cars ferried across the Hudson for a quarter, cutting the charges to, say, fifteen cents is not going to attract any more. Yes, the Port of New York Authority undoubtedly knows what it is doing and it looks upon the probable traffic movement of the future with equanimity.

There are, however, certain factors bearing upon the Port Authority's capacity to pay interest on its bonds, about which the outsider knows as much as the Authority itself. Such factors would include the possibility of a drastic change in the current ease in money rates, the possibility of operating expenses increasing much more rapidly than it would be possible to raise tolls owing to an inflationary rise in commodity prices and, finally, the possibility of some kind of political change which would turn the Authority into a Tammany-kicked football, or a toy of the Jersey City Dictator. About the last of these factors, nothing can be foretold; it would seem, however, that a strong precedent had been estab-

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Social Security Should Boost Business Equipment

Sales and Earnings Prospect Bright for Leading Manufacturers

By Munroe Marshall, Jr.

In addition to the universal demand to reduce overhead by mechanization of office practice, there is a new urge to reduce personnel to escape the tax burden of the Social Security Act which becomes effective, in part, this year. The new law also creates an enlarged demand for record keeping and personnel data, which will favor manufacturers of office equipment.

THE high note of optimism on which business equipment manufacturers entered 1935 was fully justified, for the past year has been a noteworthy one for the industry. Both domestic and export sales registered sizable gains; a number of leading manufacturers will show larger earnings than for any year since 1930; new products, devices and systems were introduced and favorably received; and new sales outlets were successfully explored. Indeed, the evidence at hand suggests that American industry has embarked upon the widespread re-equipment of its clerical and record-keeping machinery, as well as its producing machinery. Moreover, the same factors responsible for the gains registered during 1935 will be equally, if not more, effective in the months ahead. Not without reason, therefore, the industry is looking forward to a 30 per cent increase in domestic sales and a gain of at least 15 per cent in export shipments during 1936.

Not only the foundation but the life blood of the business equipment industry is its ability to meet the ever-increasing demand for new devices and methods which will save time and money and promote greater efficiency and accuracy. Despite the fact that these objectives become more desirable than ever during periods of business depression, the experience of manufacturers of office equipment during the recent years of depression conforms almost identically with that of general business and they fell victims to the disposition of their customers to get along with what they had, however thoroughly the efficiency of new equipment might have been demonstrated.

By the same token, however, the business equipment industry has promptly reflected the upturn in general business since the nadir of the depression in 1932. As a matter of fact, most of the leading manufacturers have already attained a greater measure of recovery than has been the fortune of leading companies in many other industrial fields. Several fundamental conditions share the credit for this noteworthy achievement.

Of these motivating factors, replacement orders have undoubtedly been one of the most potent. Even in normal times replacement demand, particularly for typewriters, adding machines and the like, has weighed heavily in sales figures, for these products have become indispensable to modern commerce and industry. During the depression years, however, necessary replacements of outworn and obsolete equipment were deferred by forced economies, with the result that a substantial back-log of potential orders was built up. With the confidence engendered by gradually improving business, equipment makers encountered less sales resistance and orders and profits mounted. Yet responsible surveys indicate that only a fraction of the necessary replacements, particularly for accounting, billing and tabulating machines, has been made and demand from this source can confidently be expected to materialize in greater volume this year. It can be reasoned safely that better financial circumstances coupled with an approaching limit to the serviceability of worn and obsolete equipment can be counted on to hasten replacement orders during 1936.

Two important factors are present which promise to considerably accelerate the purchase of new office equipment, not necessarily for replacement, in the months ahead. In practically every industrial field, the cost of doing business has been rising steadily during the past two years or more, creating an impelling need to do more work at less cost in every department possible. This has placed a convincing sales argument in the hands of equipment makers, if they can demonstrate that their products will save time, money and clerical staffs—and they can.

During the late period of restricted operations the business equipment industry was unstinting in its research and efforts to develop new products and devices. As a result scores of new accounting, tabulating and billing machines have been placed on the market which are almost human in their mechanical accomplishments. Improvements and innovations, unheard of a few years ago, have been made in typewriters, cash registers, filing systems and statistical methods—not merely new gadgets, but improvements which mean money and greater efficiency to every business, large or small.

At this early date the ultimate effect of the operation of the Social Security Act upon the demand for business equipment can only be visualized, at least until the constitutionality of this Act has been tested. That it would open an entirely new vista of potential demand can hardly be doubted. In

fact, it would be a doubled-barreled impetus. To conform with the terms of the Social Security Act will make it necessary for every firm or partnership of practically any size at all to keep detailed and voluminous records of the majority of its employees, which must be submitted at regular intervals to Federal authorities. A number of states will require similar records, while other states will doubtless enact social legislation. Not only would this foreshadow a vast market for special equipment for tabulating these records, but it should tend to enhance the demand for other labor-saving devices, as well. Employers, as a matter of course, may be expected to put forth every reasonable effort to limit their liability under the Social Security Act, and if they can avoid enlarging their clerical staffs by using modern equipment as an alternative, undoubtedly they will do so.

The business equipment industry has for a long time relied upon foreign sales to a greater extent than almost any other major industry. For more than a decade export shipments have averaged about one-quarter of the industry's total volume of business. Moreover, foreign business has been more lucrative than domestic because of the wider margin of profit resulting from lower sales and distribution costs—two of the industry's heaviest expense items. Despite the handicaps imposed by unsettled political and economic conditions abroad, as well as tariff barriers and quotas, export shipments of office appliances last year increased about 15 per cent and a corresponding gain is anticipated for 1936. Gradual economic recovery throughout the world has been helpful and, barring unforeseen disasters, this factor should continue effectively in favor of the business equipment industry. The industry likewise should benefit next year by the recent trade treaties resulting in a lowering of the foreign tariffs on American machinery, etc. Of late competition from foreign manufacturers has shown signs of stiffening, but it is to be doubted that it will make serious inroads upon the established prestige which American business equipment has attained abroad. From the standpoint of the export outlook, it is significant that there are no large stocks of rebuilt equipment abroad and it is reported that a considerable portion of the equipment now in use is all but worn out.

It has already been noted that the business equipment industry, for the most part, is characterized by rather exceptionally high sales and distribution costs. The high degree of mechanical precision to which many of the appliances have been developed has made it necessary to maintain trained sales and service staffs. The industry found it difficult or impractical to economize in these departments during the depression and as a consequence overhead took a heavy toll of restricted revenues. As the momentum of sales has increased, however, it has been possible to handle a substantially increased volume of business without a corresponding increase in distribution costs. This condition imparts an important degree of leverage to earnings and should be more conspicuously reflected in the earnings of representative companies during the coming year.

Taken as a whole the manufacture of office appliances and supplies and business equipment is entitled to rank well up among major industries. At the same time, the industry is characterized by a marked degree of concentration, with about 12 companies accounting for some 80 per cent of the total production. Moreover, in recent years there has been a distinct tendency on the part of the leaders to diversify their products with the result that now there is considerable over-lapping of output and competition has increased accordingly. The leading manufacturers, however, have followed a policy of interchanging patents and collaboration, permitting standardization and simplification to the advantage of both manufacturers and buyers.

Specializing in the tools of efficiency, the industry itself has displayed commendable merchandising acumen and aggressiveness. It has steadily broadened its scope to encompass new fields and has rejuvenated old ones through continuous research and improvements. Such developments as the "noiseless" typewriter, an adding machine with only ten keys, and many others, have accelerated the obsolescence of old-equipment. Improved workmanship and lower prices of portable typewriters have enabled manufacturers to develop the market for individual use with encouraging success.

The favorable implications to be drawn from the industry's strong background and promising outlook naturally lead to consideration of the opportunities for profitable investment. Lacking homogeneity, it is necessary that each company identified with the industry be considered as an individual unit and its securities appraised strictly on their

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Representative Manufacturers of Business Equipment

Company	Products	Earnings Per Share 1933	1934	1935*	Dividend	Recent Quotation	COMMENT
Addressograph-Multigraph	Extensive line of printing, duplicating and addressing machines, used in more than 300 different businesses.	Nil	0.62	0.62	0.30	24	Domestic sales up nearly 25% last year and foreign business best in company's history. Unfilled orders largest since 1930. Shares have speculative promise.
Burroughs Adding Machine	Adding machines, accounting machines, cash registers, typewriters, and office supplies.	0.26	0.65	0.51(a)	1.05(e)	27	Shares comprise total capitalization and possess investment merit. Strong finances permit liberal dividend policy. Earnings last year upward of $1.15 a share indicated.
Intern'l Business Machines	Specializes in leasing recording and tabulating machines. Also makes time clocks, scales, grinding and slicing machines.	8.16	9.38	7.39	6.00	183	Outstanding earnings record place shares in strong investment position. No early increase in dividend indicated and stability rather than marked expansion in earnings likely.
National Cash Register	Largest maker of cash registers. Also makes adding and accounting machines.	Nil	0.89	0.61	0.50	23	Restricted profit margins and absence of stimulus from liquor industry last year have retarded earnings but results for current year likely to be better.
Remington-Rand	Typewriters, tabulating and filing equipment, accounting and bookkeeping machines, adding machines.	0.01(h)	0.39(g)	0.18(f)	None	22	Capital readjustment coupled with earnings recovery and strong finances enhance dividend prospects for '36. Shares have long term merit, with an interesting leverage feature.
Underwood Elliott Fisher	Leading manufacturer of typewriters. Also makes accounting machines, adding machines and supplies.	1.99	3.62	2.78	2.50	97	Dividends paid without interruption. Strong financial position. Shares have investment merit for longer term holding.

* 1st 9 mos. (a) 1st 6 mos. (e) Incl. extras. (f) 6 mos. to Sept. 30. (g) Year ended Mar. 31, 1935. (h) Year ended Mar. 31, 1934.

Expanding Use of Nickel

The year just passed was the biggest one in the history of the **nickel** industry. Nickel steel alloys were more popular than ever. These are alloys containing ½% to 7% nickel and are particularly desirable where a saving in weight is a factor. Nickel alloy irons made further progress and are now being widely used by the automobile industry for brake-drums, camshafts and crankshafts. The benefits to be derived from the corrosion resisting properties of non-ferrous nickel alloys were never more readily recognized. At the same time, the demand for pure nickel has continued to expand. Pure nickel is being used to replace silver subsidiary coinage in a number of countries. Consumption of nickel in the form of anodes for electro-deposition increased; there was progress in the development of welding of nickel and nickel alloy; at sea, nickel alloys made gains in the form of life-boat tanks, as condenser tubes and for decoration. The manner in which the use of nickel is becoming more widespread has just been presented in considerable detail by the president of the International Nickel Co. of Canada, Robert C. Stanley. This company has a **virtual monopoly** of a metal which has become vital to modern industry. Despite the recent large gains registered by the common stock of **International Nickel** it is not difficult to imagine its reflecting a still further increase in demand for nickel.

* * *

Borg Warner is understood to have attained experimental success with two new products, both of which are chemical derivatives. It is too soon to say, however, whether these new products will become important commercially.

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Copper and Brass Fabricators

A marked increase in copper consumption and a decline in stocks above ground, the factors responsible for the improvement in the position of domestic copper producers, have also enhanced the earnings and prospects of such companies as **Revere Copper & Brass, General Cable, Anaconda Wire & Cable, Bridgeport Brass and Ohio Brass,** the leading manufacturers of copper and brass products. The heavy output of automobiles, record-breaking sales of electrical refrigerators and increased construction have meant increased sales and earnings to these companies. Moreover, most of them were doubtless well supplied with low cost inventories. Most common

For Profit

From an Old Print

Wall and Broad Street in 1878—Sub-Treasury on the Left

stocks in this group are speculative, but if the promise of greatly increased utility purchases, building construction and sustained automobile output this year is fulfilled, higher quotations would be in order.

* * *

Estimates of **Texas Corp.** earnings for 1935 have been revised up to $1.65 a share, compared with earlier estimates of about $1.30. This would be the best showing since 1930.

* * *

Calls Preferred

The **Allied Chemical & Dye Corp.** makes announcements so infrequently that anything it has to say is news. More particularly is it news when the company announces that it will retire its preferred stock—nearly $42,000,000 worth—without recourse to any other funds but its own. This is the first major change in the company's capital structure since its formation in 1920. Allied Chemical apparently is still the subject of a certain amount of internal stress. Last November C. W. Nichols, whose father founded Allied, and who is today a large stockholder, sought support with a view to obtaining, in his opinion, a directorate which better afforded independent protection to the stockholders. Whatever the merit in this contention, it is undoubtedly true that these internal bickerings and Allied's obstinate refusal to divulge more than a minimum of information about itself has held back the stock.

* * *

Fertilizer companies are counting on increased sales this year to offset the lower prices announced at the beginning of the current selling season. The demise of the A A A is likely to result in a substantial increase in the planting of cotton and tobacco acreage. Meanwhile, the industry is hopeful that trade associations will prevent destructive price-cutting tactics.

* * *

A factor contributing to the recent strength of the **rails** is the large percentage of the autumn gross gain that was saved for net. In some instances this amounted to as much as 80%. Some railroad authorities believe that a 10% gross gain in 1936 for Class I roads would mean a gain of 20 to 30% in net operating income.

* * *

Lower Liquor Prices

One of the more immediate effects of the trade treaty recently made with Canada has been pleasantly brought home to the average man. Right after the first of the year large advertisements appeared in leading newspapers announcing substantial reductions in

and Income

the prices of Canadian bonded whiskies, Scotch whiskies and various blended types. All of the leading importers gave the public the full benefit of the reduction from $5 to $2.50 a gallon in the duty, while at least one large company went even further and included something from its own pockets. As yet there have been no indications of an outbreak of a serious price war, but there is no gainsaying the fact that such leading Canadian companies as **Distillers - Seagrams** and **Hiram Walker** have gained a strong competitive foothold. Products of these companies include several of the more popular bonded brands, sales of which should be appreciably stimulated. The smaller domestic blenders and rectifiers may find the going pretty tough from now on.

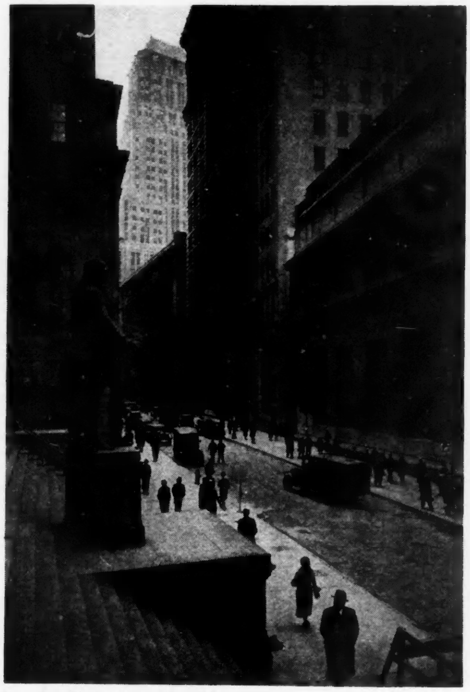
* * *

Automobile dealers who have been losing sleep over the problem of mounting used-car stocks are hopeful that this specter will be dispelled after the passage of the **soldiers' bonus** bill. Undoubtedly a sizable number of veterans will spend some of this windfall on used cars. In 1931, 7% of the veterans who borrowed up to 50% of the face value of their certificates bought new cars.

* * *

Home Furnishings

The purchase of a new home rarely ends there and the chances are that the householder will replace worn **furniture, carpets,** etc., to the extent of his ability. The companies which cater to this demand are pinning their 1936 hopes on the residential building prospect which is conceded to be the best in years. For the investor, dismayed at the substantial gains and low return shown by representative building issues, selected issues among the home equipment companies suggest themselves as desirable "backdoor" investments in the building industry. The shares of such companies as **Mohawk Carpet Mills, Maytag, Simmons Co., Kelvinator** and **Eureka Vacuum Cleaner** are worthy candidates. Companies such as **Congoleum-**



Douglas Photo from Nesmith

Recent View of Wall and Broad

Nairn and **Armstrong Cork,** specializing in hard floor coverings are particularly favored, both by replacement demand and the almost universal use of linoleum or cork base floor coverings in one or more rooms in new houses.

* * *

A point worth considering in connection with the low priced utility common stocks is that as long as the **utility preferreds** are selling between 25 and 40, the speculative advantage is with the latter. Naturally, if the utility law is kicked out by the courts, some of the common stocks will appreciate handsomely; but even at that the preferreds would move much faster from current levels, and in addition would occupy a more favorable position should the law, by some chance, be declared constitutional.

* * *

Mack Trucks is now operating moderately in the black. Recently the company closed several orders for heavy duty trucks and buses, but because of competitive conditions the margin of profit is understood to have been rather slim.

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The **G. R. Kinney** Co., which has been backward in relation to the other shoe companies, is understood to be now operating at a profit.

* * *

Corn Products in recent months has been able to restore itself to a healthy earnings position in spite of the A A A, so with that out of the way its comeback ought to be accelerated.

* * *

Steels

Strength of the **steel** stocks since the turn of the year reflects confidence in the expansion of the heavy industries in 1936. Certainly, if the business recovery is to continue, this year will witness wholesale replacement of machinery and plants that are either worn out or obsolete. Another factor is the steel industry's campaign to promote the increased use of steel in dwelling construction. In this respect **American Rolling Mill,** which recently inaugurated a radio advertising campaign, would seem to be a few steps ahead of most of its competitors. Word from Detroit is that the auto industry is considering engaging in the production of fabricated steel homes, employing much the same methods that are used in turning out motor cars.

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Latest estimates are that **U. S. Rubber** earned approximately $4.50 a share on the preferred in 1935, of which $3.50 was contributed in the final six months. With the industry generally on a sounder footing than in a long time, further improvement in earnings during the first half of 1936 seems probable. In the past five years U. S. Rubber has reduced its funded debt by more than 50%.

* * *

The long expected advance in **crude oil prices** has materialized with announcements by the leading companies of increases ranging from 5 to 15 cents a barrel. Higher prices are a direct reflection of the improved statistical position of the oil industry, to which the increasing effectiveness of state pro-

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Curing a Railroad's Ills By Salesmanship

"Katy" Is Staging a Comeback

By Pierce H. Fulton

MATTHEW S. SLOAN ("Mat," as he is familiarly known—and he likes it)—chairman and president of the Missouri-Kansas-Texas Railroad Co., is unique among the railway executives of the United States. He not only performs the customary duties of those two offices with characteristic efficiency, but is also traffic solicitor *par excellence* of the entire road.

The word "solicitor" is used advisedly, for Mr. Sloan is just that with respect to traffic on the railroad of which he is the head. I mean he is not merely a traffic director, a title that a great many of our railroads have. The holder of that title is a man who spends most of his time in a swivel chair at his desk telling other men in the traffic department *how* to get the business. Mr. Sloan actually goes out and gets a lot of it himself, and also finds out why the men in his traffic department do not get the rest.

Therein lies the difference, and also Mr. Sloan's uniqueness as the double barrelled head of the MKT Railroad.

When nearly two years ago he was elected chairman of that railroad, with a little more than 3,000 miles of operated line, general surprise was expressed in railroad and banking circles. It was pointed out that he had spent the past 17 years running public utilities in Brooklyn and New York. "What does 'Mat' Sloan know about running a railroad?" was heard on every side.

No one knew better than "Mat" himself that he had everything to learn about the technical side of operating a railroad. But he was firmly of the opinion that he did not need to acquire so much technical knowledge of that subject, but rather to put into use plenty of common sense and still more salesmanship.

MATTHEW S. SLOAN

With respect to the MKT, of which he had been a director for about a year, Mr. Sloan knew, when he became chairman, that there were several specific and vital problems to be solved: (1) To familiarize himself with the property and its personnel. (2) To become acquainted with the section of the country and its people, served by the lines of the railroad, (3) To put as much additional traffic over the rails as possible.

In taking up task No. 1, Mr. Sloan soon found many unnecessary expenses to be greatly reduced and even eliminated. This he did with an axe well sharpened by many years of experience as a public utility executive. It did not take him long to solve problem No. 2—getting acquainted with the personnel of the railroad. Every member of it soon found that, while they could not address him as "Mat," they could approach him easily on any subject pertaining to the railroad. They also found that in their new chief they had a man who expected them to do their best, and trusted them to do it, until compelled to do otherwise. Even more, they found in him a real friend.

In dealing with problem No. 3—getting acquainted with MKT territory and its people, Mr. Sloan began to travel up and down the road, calling on shippers, small and large, making speeches before all sorts of organizations, going fishing and hunting with potential big shippers. In short, in the last two years, or nearly so, he has done everything in his power to make friends for the MKT and to get them to ship over that railroad. He has come in contact with 10,000 actual and potential shippers.

Mr. Sloan spends most of his time in the places in which he thinks traffic is to be had, whether on or off MKT lines. He is in New York only for brief periods to hold directors' meetings and to perform the more or less routine duties of chairman of the board. Even then he is getting traffic for the MKT. Only recently the head of his traffic department in New York City reported to his chief that he had not been successful in getting several carloads of high-class freight that were about to be shipped from New York to the Pacific Coast and wondered if he could help. Mr. Sloan at once found that one of the directors in the company

that would make the shipment was one of his hundreds of good friends. He immediately got into touch with the man who, in turn, took the matter up with the traffic director. That was Friday afternoon. The next Monday morning Mr. Sloan had the promise that the four carloads of freight would be routed over the MKT just as far as it could haul them. He then set to work to find out why his traffic department had not got the other six cars that had been sent over a competing line in the Southwest, or why he had not been told about them.

Again while in New York he learned that a concern in New Orleans was about to make a large shipment to points in the Southwest. Mr. Sloan did not know personally the man in charge, but called him on the long distance phone and told him that he wanted to get that business for the MKT. The man, who had never known Mr. Sloan, replied that it was a novel experience for him to have the chairman and president of a railroad ask to see him on such business, but told Mr. Sloan to come along and he would be glad to see him. The MKT chief executive, while believing thoroughly in the railroads as mediums of transportation, did not wait to go by their fastest trains, but flew from New York to New Orleans. He not only got that particular business, but the promise of much more in the future—and besides another warm friend.

In the course of a recent chat I asked Mr. Sloan to give his ideas of the duties of a chief railway executive. Any one who knows the man will not have to be told that I got a reply "right off the bat"—plenty hot.

"I don't pretend to say how the chairman or president of any other railroad should perform the duties of either of those offices," he began. "Before I was elected chairman of this railroad I made up my mind what I would do on this particular property. I knew I could get a good man to operate it—that was easy.

"To my mind," he continued, "salesmanship would be my chief job after I got the lay of the railroad, its territory and people. It didn't take long to do that. Railway executives always have said that they had only service or transportation to sell and could not fix the rates because of the limitations set up by the I C C. I knew that for the MKT to become prosperous again it was necessary, not only to 'sell the service' but personally to go after the actual traffic.

"That's what I have been doing, and what I shall continue to do. There is no end to that job. It never can be finished, as long as there is more traffic to get—and there always is more."

Right here Mr. Sloan called attention, in his characteristically emphatic way, to one of the most vital reasons why the railroads have not been able to meet truck competition to a greater extent than they have. He said: "The freight rate structure in this country was built up when the railroads had a monopoly of freight transportation, and also on the basis of big freight cars. The structure is still on those two bases, with only moderate modifications.

"Do you know why the railroads have lost a lot of LCL (less than carload lot) freight to the trucks? Largely because the differential between the rate for 50,000 pounds and 500 pounds, we will say for illustration, is so great against the smaller shipment that the shipper simply cannot afford to use the railroads for that business. He is forced to hire trucks if he is in a small business, and put on his own if he is a big business man.

"Take for a concrete illustration Sears, Roebuck & Co. They have their large distributing warehouse for the entire Southwest at Dallas, which is on our railroad. Of course, all their merchandise to the warehouse is shipped in carload lots—over the railroads. But when they begin to distribute to the smaller towns and cities they are forced to use trucks, of which they have a fleet, because of the proportionately high rates on the smaller shipments. Right now I am working to get lower rates on that business. If I can put them in, the Sears, Roebuck people tell me they will use our railroad whenever possible.

"Take another case. I found that a relatively small manufacturer in Texas was shipping his product all the way to Indiana by truck, because he could not afford to pay the LCL rate on the railroads. I was able to put in a lower rate and now we have that business as far as our lines go. There are business concerns in Texas shipping goods by trucks to various points here in the East, because they cannot afford to pay the railroad rates. Those rates should be adjusted, and I am sure if generally done, the railroads would get the bulk of the business, make money on it and put the trucks out of commission.

"I repeat, as I see the railroad situation today, the three great essentials are personality on the part of railway executives, salesmanship and a reasonable adjustment of rates to specific situations, particularly with a view to overcoming truck competition. With these essentials realized we would not hear nearly as much about 'railroad problems' and legislation as we have for some years.

"Just one point more. When I was a public utility official I never had a rate case. I reduced rates before the Commission had a chance to compel me to do it. Now as a railway executive I believe in wholehearted co-operation with the I C C and in keeping 'one jump' ahead of them by doing things that ought to be done before they have a chance or occasion to compel me to do them."

As we were finishing our chat Mr. Sloan made it very emphatic that he was speaking only for himself and the MKT railroad and was not saying what the executives of other railroads should do. Could not some of them take a few leaves out of his railroad notebook of less than two years, to good advantage to themselves and the properties they direct?

Someone may say "Facts rather than ideas and theories count ultimately when you are running a railroad or any other business." I have set down in this article a few of the many ideas that Mr. Sloan gave me. Now for vital facts and figures, which he also gave me.

Operating revenues of the MKT for

(*Please turn to page* 416)

Highlights of Missouri-Kansas-Texas

Lines Favorably Located for Traffic, 3,294 Miles
Aggressive and Alert Management
A Conservative Capital Structure
No Need of Reorganization
Only $2,300,000 Short-Term Loans
Possibility of Paying Off $1,000,000 This Year
Expectations of Better Crops in 1936
$31,000,000 Estimated Gross Earnings
Probable Balance Over Fixed and Adjustment Interest
Bonds Offering Investment and Market Opportunities

	Recent Price
Missouri, Kansas, Texas Rway. 4's, '90 (strong bond)	80
Missouri-Kansas-Texas A 5's 62 (semi speculative)	63
Preferred Stock with Speculative Possibilities 7% cumulative	16

Enhancement in Common Values More Remote

Potentialities Yet Undiscounted

Political Hazards Slight—Earnings Prospect Favorable—Leverage Factor High

By Francis C. Fullerton

DESPITE the fact that the American Water Works & Electric Co., Inc., stood an excellent chance of avoiding dissolution under the Public Utility Holding Co. Act of 1935 on account of the well-founded contention that its electrical, gas and other properties constitute an integrated system, it has nevertheless joined the majority of the big holding companies that have sought injunctions to prevent SEC from enforcing the law. Should the Supreme Court later on this year uphold the belief that the Act is unconstitutional, then this company which has been well-conceived and is ably operated should go ahead and reap the benefits to which it is entitled by virtue of the increased demand for its electric power and other services.

Lake Lynn Power Station of West Penn System

American Water Works & Electric started originally as a water company and it still operates what is possibly the largest group of privately owned water distribution systems in the country. These are widely scattered through more than a dozen states from Ohio in the North to Alabama in the South and from Connecticut in the East to Kansas and Texas in the West. Water works properties also extend to Cuba. Despite the expanse of territory over which the water business is stretched, it accounts nevertheless for less than a third of gross revenues; more than 60% of gross being derived from the electric and gas properties.

These electric and gas properties are well-concentrated. They start in northern Pennsylvania with the Clarion River. They follow this southwest until it becomes the Allegheny and, still following the water, continue southwest to Pittsburgh—the city itself is not served. West of Pittsburgh, the Allegheny River is joined by the Monongahela, whose valley also as it makes its way north from a source in Virginia is scattered thickly with American Water Works & Electric property. Nor does the company forsake the two rivers after their junction to form the Ohio, but goes on with the latter well into the state of the same name. Although all the company's electric properties are interconnected, there is a concentration centering on Bellefonte in Pennsylvania and another along the Potomac and its tributaries which are set somewhat apart from the main group.

Control of the American Water Works' electrical division is in the hands of the intermediate holding company, West Penn Electric, whose principal operating subsidiaries are West Penn Power, West Penn Railways, Potomac Edison and Monongahela West Penn Public Service. West Penn Power is currently very much in the public eye because of having applied to SEC for permission to issue $27,000,000 of first mortgage 3½s, due in 1966, the money to be employed in refunding issues bearing a 5% coupon. This is the first application under the Securities Act of 1933 on the part of a company whose parents have refused to register under the Utilities Act. It is indicative of the common sense and moderation that the Securities & Exchange Commission has brought to a difficult job that no obstacles are to be put in the way of this refunding operation. And, incidentally, it is indicative also of the exceedingly high credit standing of West Penn Power that it should be able to market a long-term 3½% coupon.

In addition to its water, electric and gas business, American Water Works & Electric derives revenue from transportation, including bus transportation, and from ownership of some 8,000 acres of fertile land in the Sacramento Valley in California. Originally, the company's land holdings were much larger, but they have been reduced gradually over a long term of years until only these remain.

Nothing is to be gained by a detailed description of the physical assets owned

and operated by the American Water Works & Electric system. Suffice it is to say that the system's two score odd generating stations have an installed capacity of more than 500,000 kilowatts and that they are linked to the 300,000 customers via the usual well maintained high-tension lines, sub-stations, transformers, low-tension lines, etc. The natural gas properties comprise some 12,000 acres of land, either owned or leased, and there are located upon them more than 300 producing wells which serve some 15,000 gas customers by means of the necessary pipe line systems. The water works subsidiaries operate pumping stations, settling pools, chlorinating plants and the like and serve not far from half-a-million customers.

A Profitable Territory

It is to be noted particularly that the electric, gas and transportation operations of the American Water Works & Electric system are carried out in one of the world's greatest mining and industrial regions. Thus, the further recovery in general business which is so confidently expected is certain to redound to the benefit of the company and its stockholders.

Indeed, there is already concrete evidence of the manner in which the company may reasonably be expected to benefit from recovering business. For the twelve months to November 30, last, American Water Works & Electric reported consolidated gross income of $47,531,475, compared with $45,756,939 in the corresponding previous period and with $42,435,425 in the twelve months ending November 30, 1933. In the most recent period, net income totalled $3,320,352 after depreciation, depletion, interest, taxes, and dividends on subsidiary preferreds. This, after dividends on the company's own preferred, was equivalent to $1.22 a share on 1,741,008 shares of common stock and compared with earnings equivalent to $1.02 a share of common stock for the year ended November 30, 1934.

Last summer, the directors of the American Water Works & Electric Co. passed the common dividend which had previously been at the rate of 20 cents a share quarterly. At the time it was stated, the directors, "after giving consideration to the rapidly increasing taxes, restoration of wage scales and major rate reductions to consumers and the serious problems still confronting the company in connection with the proposed public utility legislation, took no action on the common dividend." The decline in earning power which the company evidently expected, however, failed to materialize: it was, indeed, just at a record low when the directors penned these remarks. There still remain, of course, the other problems mentioned. But so far as costs are concerned, it is evident that the increase in demand for electric power and the company's other services has been a more than offsetting factor. Hence, it would seem that the Public Utilities Act was the only major obstacle to the resumption of common dividends. And this it would appear almost certainly will be held unconstitutional. If the Supreme Court should in fact hold this view, then the stockholders of American Water Works & Electric should not only be beneficiaries of the general upturn in public utility company stocks which would result, but should not have long to wait before receiving tangible evidence in the form of dividends that the situation had in actuality improved.

The capitalization of American Water Works & Electric is the usual complicated one of the big public utility holding companies. In fact, perhaps in some ways it is a little more complicated than some of the others. This is because the company has pursued a policy of having operating units finance with their own securities and as a result the holding company has the advantage during a time of improvement of great "leverage" — a small change in the earnings of the operating companies means great things to the parent.

Funded Debt

At the end of last year, nearly fifty subsidiaries had a total funded debt outstanding of $161,586,500. At the same time there were more than thirty different subsidiary preferreds; taking them at par value, or in the event that they had no par, then at the sum to which they are entitled on dissolution, these preferreds aggregated $87,030,900. In all, the underlying bonds and preferred stocks represented nearly 70% of the system's combined capital and surplus.

Following the capitalization of subsidiaries, the holding company has outstanding some $26,000,000 of its own debentures, following by 200,000 shares of $6 first preferred stock of no par value. Finally, there is the holding company common stock, totalling 1,741,008 shares which are also of no par value. Realizing that the subsidiary funded debt must first be paid the interest to which it is entitled, that subsidiary preferreds must then be paid their dividends before the holding company can receive anything on its portfolio of common stocks and, after it

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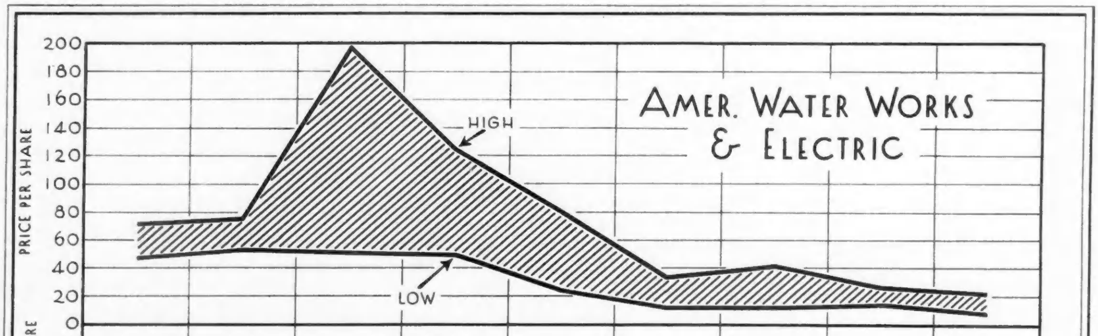


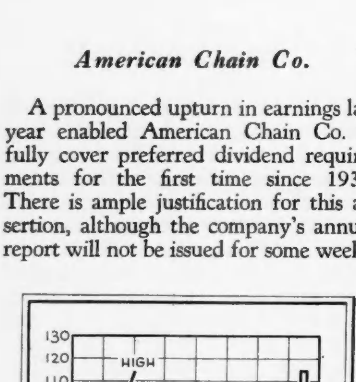
Back-Dividends To Be Paid

Preferred Stocks with Accumulations Likely to Be Cleared Up This Year

By Edwin A. Barnes

American Chain Co.

A pronounced upturn in earnings last year enabled American Chain Co. to fully cover preferred dividend requirements for the first time since 1930. There is ample justification for this assertion, although the company's annual report will not be issued for some weeks.



In the first six months of 1935, profits were more than double those for the same period of 1934 and in the final half the level of operations was not only substantially higher than in the same months of 1934, but higher than in the first six months of 1935, as well. Reflecting this favorable turn in the company's affairs, dividends were resumed on the 7% preferred stock last October and recently a payment of $3.50 a share was made to preferred shareholders. Prior to these declarations no dividends had been paid on the preferred shares since December, 1931, and accumulations total $22.75 a share.

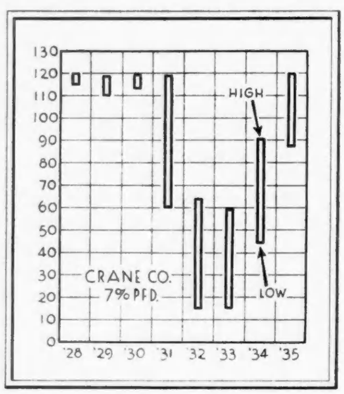
The company's name barely suggests the broad scope of American Chain's manufacturing activities. To be sure, the company is one of the world's largest manufacturer of chains, its products ranging in size from small plumbers' chains to huge anchor chains and include the well-known Weed tire chain. But, in addition, the company produces an extensive line of automobile accessories such as bumpers, jacks, upholstery springs, brakes and complete garage equipment. It makes bridge cables and wire rope, the latter extensively used on airplanes and for yacht rigging; also wire fence, wire nails, razors and razor blades, malleable castings and bar iron. Of these, the various automotive products are currently the most important source of revenue.

Although operations in the years 1931-1933, inclusive, were unprofitable, the aggregate deficit, after depreciation and interest, was only $5,600,000, comparatively small for a company as large as American Chain, and caused no strain on the company's financial resources. At the end of 1934, current assets totalled more than $9,000,000, with cash alone amounting to nearly $2,000,000 as compared with current liabilities of $696,600. With the return to profitable operations in 1934, net income in that year was equal to $5.16 a share on the preferred stock. In the first six months of last year, however, the preferred shares earned more than in the whole of 1934, net income being equal to $5.86 a share on the preferred. On the basis of this showing and taking into consideration the accelerated pace at which the company operated in the last half of the year, the amount available for the preferred shares last year will be between $12 and $15 a share.

Not only have improved earnings strengthened the preferred stock, but its position in the company's capital structure is stronger. Last year the company retired $3,438,500 6% first mortgage bonds, financed partly through the sale of serial notes carrying interest of about 3%. Further, the company retired 7,000 shares of preferred stock, reducing the amount outstanding to 88,261 shares. Those developments have been reflected in the market appraisal of the preferred stock currently selling close to its 1935 high of 115, as compared with the low of 38. On the basis of the regular $7 dividend the shares are selling to yield about 6%, a liberal return under present conditions, while the promise of a substantially larger return as back dividends are liquidated is undoubtedly well founded. The payment of accumulated dividends in full would require about $2,000,000, an accomplishment well within the company's ability, given the benefit of further progress this year toward more normal operations.

Crane Co.

In its field, the name of Crane is one of the oldest, the company tracing its origin back to 1855. Until 1931, the company had never had an unprofitable year and its history has been marked by steady growth both in scope and prestige.



To many, Crane Co. identifies itself immediately as a maker of plumbing and sanitary equipment and supplies. As a matter of fact, however, these products normally account for only about one-fifth of the total volume. Other products include valves, fittings, fabricated pipe, pumps and appliances for conveying and controlling steam, water, gas, oil and other industrial liquids and gases. The company also manufactures heating equipment and has developed several air-conditioning units for both home and industrial use.

With an enviable record of profitable operations to its credit, the fact that

Crane showed losses of about $17,400,000 in the years 1931-1933, inclusive, was not the result of any departure from former policies or a loss of competitive advantage. Operations succumbed to the forces of depression simply because the company's activities are dependent upon the sources of demand from those fields which were compelled to bear the brunt of the depression. The virtual cessation of home building and plant construction hit the company hard, but to these was added the burden of heavy inventory adjustments made necessary by falling raw material prices.

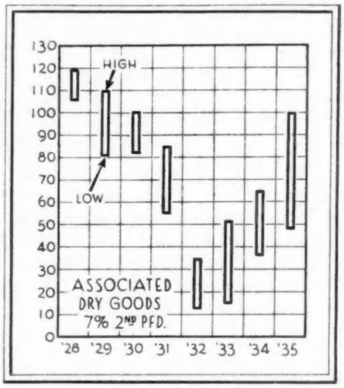
Financially, however, the company was well prepared to battle the depression. Despite a loss of nearly $8,000,000, after interest and depreciation, in 1931, current assets showed a ratio to current liabilities of better than 10 to 1. Cash items alone of around $9,500,000 were nearly double current liabilities. Despite the losses in 1932 and 1933, finances were maintained in excellent shape and with net income of about $1,000,000 in 1934, the ratio of current assets to current liabilities stood at 8.79 to 1, at the end of that year. Cash and securities totaling about $10,300,000 compared with current liabilities of only slightly more than $4,000,000. This financial security was achieved, in part at least, at the expense of dividends. Common dividends were omitted in February, 1932, and three months later preferred payments were passed.

The recovery of earnings in 1934 to a level equal to $7 a share on the 145,889 shares of 7% preferred stock foreshadowed the resumption of payments, and in April, 1935, a dividend of $1 was declared, which rate has been maintained in each of the following quarters. Before many months have passed, however, there is an excellent possibility that the full $7 rate will be restored on the preferred. In fact, should the promise of further substantial gains in residential building and construction this year be fulfilled, some action toward the liquidation of preferred arrears can be expected. Back dividends total $22.25 a share, or about $3,250,000.

The company has issued no recent report of actual earnings, but it has been officially stated that sales both in the United States and abroad during the past year were ahead of 1934. Any estimate of probable earnings, however, is not practical due to the unknown factor of possible inventory adjustments. In the circumstances, the safest assumption is that earnings last year were moderately better. The company's 2,348,628 shares of common have risen about twenty points to around 27 during the past year, while the preferred registered a net gain of 31 points in 1935. There is no reason to suspect that this optimistic evaluation of the company's prospects is without reasonable justification. As a potential $7 dividend-payer, the preferred shares would yield about 6% if acquired at recent levels around 120. If, however, allowance is made for accumulated dividends (not an unwarranted consideration), the potential yield is raised to better than 7%.

Associated Dry Goods Corp.

There has been practically an uninterrupted upturn in the merchandising industry since the spring of 1933 and for many retail units, 1935 will prove to have been the best year since 1930. It has been estimated that department store



sales last year were around 8% higher than for 1934 and, despite the handicap of increased costs, most department store units will report a noticeable improvement in earnings. Naturally, employment gains and increased purchasing power have been the prime factors in the recuperation of retail trade and they should continue to contribute in an important measure. Of increasing significance in relation to the current outlook, moreover, is the psychological item of growing confidence and wider acceptance of the belief that the depression is ended. This feeling expresses itself in an increased demand for luxury merchandise, on which retailers derive a larger margin of profit. It is this favorable background that provides the basis for investment consideration of Associated Dry Goods 7% second preferred shares.

Long established, Associated Dry Goods Corp. is one of the foremost department store systems in the United States. Included among the company's properties are James H. McCreery & Co., in New York City, Hahne & Co., in Newark and an 88% interest in Lord & Taylor, one of the largest specialty stores in New York City. In addition, two stores are operated in Buffalo, and one each in Minneapolis, Louisville and Baltimore. This broad diversity of locality not only relieves the company from dependence upon conditions in a single territory but permits decentralized management and the pursuit of merchandising policies best adopted to the several communities. Forced by circumstances to offset to some extent the decline in sales prior to 1933, important operating economies were introduced and general efficiency improved.

Like many another department store, Associated Dry Goods does not issue interim reports. It is practically a foregone conclusion, however, that a sizeable gain will be shown in earnings for the fiscal year ending January 31, 1936. There is not only the evidence of increased retail sales to suggest this, but during the past year Associated Dry Goods liquidated back dividends on its 134,364 shares of first preferred stock to the extent of $12 a share, leaving a balance of $9 a share to be paid. Regardless of the company's excellent financial position, it is to be doubted that back dividends would have been liquidated as rapidly had not earnings warranted. In the circumstances it is not unlikely that earnings for the past year were sufficient to cover regular dividends on both classes of preferred and leave a small balance for the 586,940 common shares.

The second preferred shares are outstanding in the amount of 56,901 shares and unpaid dividends total $24.50. The full liquidation of these back dividends would require less than $1,500,000, as compared with Government securities and cash of more than $11,000,000 held by the company about a year ago. At 100, the second preferred shares would appear to place a conservative appraisal on the dividend prospects and commitments made at this level have the promise of ultimately returning an exceptionally liberal yield.

Crucible Steel Co. of America

With a declaration of a 50-cent dividend last October, Crucible Steel resumed payments on its 7% preferred shares, the last previous payment having been made in 1932 at the rate of $1.75 a share. Last December the company made another payment, increasing the amount to $1 a share and as of January 1, this year total preferred accumulations amounted to $24.75 a share. There can be little doubt that these are the initial steps in the restoration of Crucible Steel preferred to its former status of a high-grade investment

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Opportunities in Stocks on the New York Curb

Nine Issues with Promising Prospects

By George W. Mathis

THE popular conception of the stock market as synonymous with the New York Stock Exchange has a tendency to obscure some of the meritorious issues which are listed on the New York Curb and on the leading exchanges of other cities. Unfortunately this view may have been emphasized during the past year, as an increasing number of companies sought the prestige and broader markets for their issues by transferring to the "big board."

Such listing was further fostered by the provision of the Securities Exchange Act by which uniformity of listing requirements is achieved on all registered exchanges. As a matter of fact, however, these regulations, which made transfer easy from one exchange to another, also have the effect of according the buyer or seller of stocks on any registered exchange as much protection as the S E C affords.

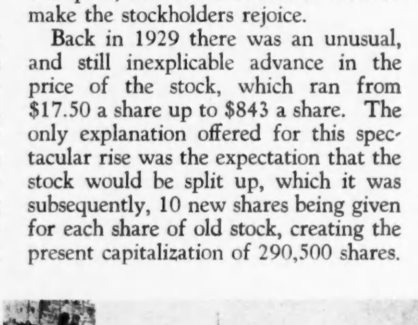
The New York Curb Exchange, the second largest in the country, is no longer regarded as merely a proving ground for eventual stock exchange listing. Among the securities actively traded there are many of unusual merit in which interest is broadening. In this feature we have selected nine which have prospects of larger earnings and ultimate price appreciation.

Crocker-Wheeler Electric Manufacturing Co.
Rec't. Price—$14 Div.—None

The Crocker-Wheeler Electric Manufacturing Co., makers of electric supplies, has suffered deficits for each year since 1930, but it is probable that the final figures for 1935 will show that the company emerged from the red and earned in the neighborhood of 15 cents a share which would compare with a deficit of 16 cents a share the previous year. This is the best showing which this comparatively small company has been able to make since 1930 when it was able to report a net income of 49 cents a share.

Through a period of years, running back to 1891, this company was a good earner, and it paid in dividends amounts ranging from $1 to $11.50 a share on the stock then outstanding. But the lean years have been many since 1925, when the last dividend of $3.50 a share was paid, and there has been little to make the stockholders rejoice.

Back in 1929 there was an unusual, and still inexplicable advance in the price of the stock, which ran from $17.50 a share up to $843 a share. The only explanation offered for this spectacular rise was the expectation that the stock would be split up, which it was subsequently, 10 new shares being given for each share of old stock, creating the present capitalization of 290,500 shares.



New York Curb Exchange

The return of the company to earning power, with the general improvement in business, and particularly with the growing demand for electrical appliances and equipment, gives a more encouraging outlook for the stock, which had been selling at deflated prices for a long time. It has been advancing more recently and has reached a high above 12 on the Curb. At such a level it may be regarded as having discounted most of its near-term prospects, but with the improving trend in its business and on the basis of 1936 earnings prospects there is a speculative attraction in the issue.

Automatic Voting Machine Corp.
Recent Price—$12 Div.—$0.50

The chief manufacturer of voting machines, having its equipment used by a number of the states, the Automatic Voting Machine Corp. has had an upswing in earnings for three consecutive years, which it is confidently expected will be lengthened to four, when the report for its fiscal year ended November 30, 1935, is made available.

The year 1936, being a presidential election year, may serve to increase the sale of the company's machines, though no new states have been added to the number using machines in the past year. That the company anticipates a continuance of the recovery that has featured its particular activity in 1934 and 1935 is shown by the fact that in 1935 it declared four regular quarterly dividends of 12½ cents a share, payable on the first days of October, 1935; January, April and July, 1936. On August 1, 1935, it paid an extra of 25 cents and disbursed the same amount on January 2, 1936.

The company has comparatively little opposition in its field. Its main effort is directed toward con-

vincing the various states of the value of its machine as a means of expediting voting at elections and, at the same time, of eliminating or minimizing fraud. Its sales possibilities are limited only by the number of voting precincts in the entire country, a limit, however, which even the most sanguine hardly can expect it ever will attain.

Through a change in capitalization and an exchange of shares, in 1932, all of the prior participating stock was eliminated, so that there now is only one class outstanding, consisting of 360,000 no-par shares.

A strong financial position was shown in the latest balance sheet, that of November 30, 1934. The company then had a net working capital of $1,326,000, including $970,000 in cash.

In 1932, the company's poorest recent year, its common stock sold down as low as 1½ on the New York Curb. It reached a high of 14½ in 1935. A yield of about 4% is provided by the regular dividend, at the approximate current price of the stock, a yield materially increased by the payments of extras.

American Light & Traction Co.
Recent Price—$19   Div.—$1.20

American Light & Traction Co. is a sub-holding company of the Union Light & Railways Co., which, in turn, is controlled by the Union Light & Power Co. Its chief revenues are derived from the sale of gas to Detroit, Grand Rapids and other Michigan cities, and to Milwaukee and Madison, in Wisconsin. It also services gas to San Antonio, Texas, and supplies electric service to Madison, and bus transportation to San Antonio and surrounding communities. In all it serves about 3,000,000 people.

A substantial income return is created through the company's ownership of 257,841 shares of stock of the Detroit Edison Co., which is now paying $4 annually in dividends.

Feeling the effects of the depression, which were especially pronounced in the city of Detroit, American Light & Traction has had a continued and sharp decline in income since 1929, which was its peak year. In that year it had a net of $11,465,000, which was at the rate of $15.41 a common share. By contrast it is estimated that the net income for 1935 was about $1 a share.

Just as Detroit was one of the heaviest sufferers in the depression, so it has led in the recovery and is now probably the most active industrial center in the country, which augurs well for the expected improvement in American Light & Traction. A probable source of income decline was eliminated when the city of Detroit recently agreed to keep off of the ballot a proposition for the construction of a municipal gas plant.

The company has no funded debt, but subsidiary obligations total a little more than $64,000,000. There are outstanding 536,324 shares of the $25 par, 6%, cumulative preferred stock, on which regular dividends are maintained, and 2,767,391 shares of common of $25 par. On the latter 30 cents is being paid quarterly, but there is no stated rate.

Working capital on December 31, 1934, was $3,944,000, and the cash item stood at $3,587,000. Bank loans had been reduced to $3,259,000 from $4,649,000 where they had stood at the previous year end.

Subject to whatever may be the decision in the court action against the Public Utility Act, this company faces a year of probably better income, because the sections it serves, generally, are responding fairly well to the recovery trend. The junior issue, on the New York Curb, is favored for further price appreciation.

Curb Issues in Favorable Position

	Recent Price
Crocker-Wheeler	14
Automatic Voting Mach.	12
American Light & Traction	19
Catalin Corp.	11
Creole Petroleum	22
Doehler Die Casting	28
Heyden Chemical	52
Mueller Brass	28
Neptune Meter	12

Catalin Corp. of America
Recent Price—$11   Div.—None

The Catalin Corp. of America has taken an increasingly prominent place in the growing field of "plastics." Its product is known as Catalin, which it furnishes in various shapes, forms and colors, selling the material to be used in the manufacture of knife handles, buttons, gear shift knobs, bracelets and many other sorts of novelties.

The company more recently has developed a use for Catalin as paneling in theatres and in homes, and as a plastic surface, thus widening the market for the product. Sales for these latter purposes have expanded very rapidly, until now about 70% of the company's business is of an industrial character. Total plant capacity of the company has doubled in the past two years, and this expansion has been financed entirely out of earnings.

Unit costs are reported to be the lowest in the history of the company, and raw material prices the lowest since 1931. Labor costs in 1935 were smaller, comparatively, than ever, because of increased consumption.

In 1935 pound sales of Catalin were the largest ever recorded. With cost down, and sales up, the net income for nine months ended September 30, 1935, equaled 48 cents a share, a new record, against 41 cents a share in the same period of 1934.

Catalin Corp.'s one class of stock, of $1 par value, is outstanding in the amount of 536,892 shares. There is no funded debt or bank loans, and the stock is genuinely attractive.

Creole Petroleum Corp.
Recent Price—$22   Div.—$0.20

Creole Petroleum Corp. is controlled by the Standard Oil Co. of New Jersey. It is a holding company whose subsidiaries operate in Venezuela, their aggregate production of crude petroleum placing them among the world's big producers.

All previous records for production were exceeded in 1935, for, with one month remaining to be reported, the output was over 25,000,000 barrels, which compared with a total of 19,390,000 barrels for the full year of 1934, which was the previous high level of production.

The company does not furnish any interim reports, so that profits for 1935 are not yet available to the public, but considering the fact that the year's production was far ahead of that in the previous year, it would seem certain that the net income for 1935 was at least as large as that in 1934, when 76 cents a share was reported.

Capitalization of Creole Petroleum consists solely of 6,974,356 shares of capital stock, $5 par, of which more than 3,000,000 shares are owned by the Standard Oil Co. (New Jersey). The declaration of a 20-cent dividend late last year marked the initial return to stockholders. This payment, however, cannot be construed as a quarterly rate and it is not likely that any further consideration will be given to dividends until next June.

Despite the rather meager information concerning the company's operations, the substantial interest held by Standard Oil (N. J.) is a reassuring

factor. From present indications, recent political disturbances in Venezuela will not prove harmful to the company's position and, with an eye to the future, the shares invite favorable consideration.

Doehler Die Casting Co.
Recent Price—$28 Div.—None

The Doehler Die Casting Co. antedated somewhat the general recovery in industry, for since 1932 it has shown progressive gains in sales and income. It has had a good record in the past and with the exception of the year 1932 there has not been a single twelve months' period in which it has not been able to report some earnings. Red figures thus have been pleasingly absent from its reports.

This company produces castings from lead, zinc, tin, and brass and aluminum alloys, which are used in the automotive, electrical appliance, radio, washing machine and other fields. It has expanded through the acquisition, in 1931, of the die casting division of the Bohn Aluminum & Brass Corp., and also of the Newton Die Casting Corp., obtained from the National Lead Co. Through the latter action the National Lead Co. became a substantial stockholder in Doehler Die Casting Co.

Doehler earned, in 1934, at the rate of $1.99 a common share. For the first nine months of 1935 it reported a net of $1.94 a share, which compared with $1.84 for the same period in 1934, so that it is safe to assume that the final figures for 1935 will show better than $2 per share earned on the outstanding common stock.

Balance sheet at the close of 1934 revealed a good financial position with a net working capital of about $800,000.

Capitalization consists of 19,980 shares of 7%, $50 par, preferred stock; 8,965 shares of $7, $100 par, preference stock and 206,195 shares of common of no-par value.

Through a payment in common stock all of the arrearage in dividends on both the preferred and the preference stock was met, and regular dividend payments were resumed on both classes of the stock July 1, 1935. There are no payments being made on the junior issue, but anticipation of a disbursement in the near future cannot be considered as being without good foundation.

Heyden Chemical Co.
Recent Price—$52 Div.—$1.00

One of the smaller of the chemical companies, whose major business is the manufacture and sale of medicinal chemicals, with heavier chemicals, sold to the industrial trade, also being manufactured, the Heyden Chemical Co. has a good record of earnings covering the period of the worst of the depression.

Its best year, since the business collapse set in in 1929, was 1934, when the net income was at the rate of $3.07 a common share. Report for the full year of 1935 is not yet available, but for the first half of that year profits were equal to $1.68 a common share, which compared with $1.87 a share in the same period in 1934. The fact that the company paid an extra dividend of 25 cents a share on the junior issue, on December 2, 1935, after having disbursed a similar extra in January, 1935, would indicate that earnings for 1935 were closely in keeping with the improved showing in 1934.

Heyden has no long-term obligations and only a small amount of preferred—3,100 shares of 7% $100 par—ahead of its common issue of 149,997 shares of $10 par. Regular dividends have been maintained on the senior issue and the present rate on the common is $1, which, as noted, has been supplemented by extras.

Heyden's working capital apparently is sufficient for any conceivable needs. It stood at $1,064,000 on June 30, 1935, against $890,000 on June 30, 1934, and the cash item was at the highly satisfactory figure of $461,000, increased from $176,000 on June 30, the previous year.

The decided strength that has been shown in the chemical industry seems a promise of a continuation of liberal earnings on Heyden's capitalization. A stock interest in the American Plastics Corp. engaged in making a casein plastics, the management of which company it supervises, is a promise for the future that must be taken into consideration is appraising the value of the common stock. At the current price of this stock, on the New York Curb, it may appear that early possibilities have been discounted, but the company's record even in hard times, is one that suggests a retention of present holdings, and purchases on price dips.

Mueller Brass Co.
Recent Price—$28 Div.—$0.80

Actuated by recovery in earning power, which has been progressive for the past three years, the directors of the Mueller Brass Co., on November 13, 1935, declared a dividend of 20 cents a share on its $1 par common stock, which was the first dividend payment since 50 cents a share was paid on the old no-par stock on February 10, 1930.

Mueller Brass Co. is engaged in every phase of the manufacture of brass products, from casting the raw materials to machinery and assembling. It has a plant of about 25 acres at Port Huron, Mich., and maintains offices throughout the United States. It also carries out the same activities in Canada, through a subsidiary, the Mueller Brass Co. of Canada, Ltd. It controls the Streamline Pipe & Fittings Co., having introduced its "Streamline" products in 1930.

Improvement in earnings in 1935 was marked. For the first nine months of the company's fiscal year, ending August 31, 1935, net income was equal to $1.33 a common share, against 70 cents for the full 1934 fiscal year.

All of the company's first mortgage bonds were called for payment October 1, 1935. This, however, did not extinguish the debt, which was acquired by the Atlas Corp. in the form of a five-year mortgage note. Outstanding stock consists of 29,519 shares of $10 par, 7% preferred, and 221,418 shares of $1 par common stock. The Atlas Corp. obtained an option to purchase, from the family of O. B. Mueller, retiring president, 54,200 shares of common stock. Atlas also has the right to convert the mortgage note which it holds into common stock, at the rate of 70 shares for each $1,000 principal amount. It already has taken up the option on 20,000 shares, and the total which it may obtain, if the mortgage note is converted, will be 98,300 shares.

At the annual rate of 80 cents a share in dividends, the yield on the common stock, at this writing, is slightly less than 3%. However, if the same proportionate gain in earnings as was shown in 1935, is maintained, there will be incentive to purchase the stock up to a moderate advance.

Neptune Meter Co.
Recent Price—$12 Div.—None

On November 25, 1935, the directors of the Neptune Meter Co. paid a dividend of $2 a share on the dividend arrearage, on its 8% preferred stock. This left $8 still to be paid to clear up all back obligations on this stock. The company has a capitalization of 19,808 shares of preferred, $100 par value and 227,074 shares of class "A" and "B," combined, of no-par value, the two latter being equal as to assets and dividends, but with the voting power vested in the Class "B."

Neptune had a net income of 47 cents a share on the combined "A" and "B" shares in 1934, but the results for 1935 are not yet public. The return in 1934 was the first on the right

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The Magazine of Wall Street's Common Stock Price Index

Tenth Annual Revision

WITH this issue THE MAGAZINE OF WALL STREET'S Common Stock Price Index enters upon its eleventh year. The Index is designed to record the more important price movements of industrial group averages and of the market as a whole. It does not reflect the minor, day-to-day, fluctuations; but only secondary and longer movements, trends which are of significance to long-pull investors and intermediate-term speculative-investors. It presents a broader and more comprehensive view of the market and its component cross currents than any index which is based upon a small number of leading stocks, or any index (even though composed of a large number of stocks) weighted by the number of shares outstanding; since the latter method of computing an index is tantamount to emphasizing the price movements of a limited class of issues in which there is a large number of shares outstanding.

In revising the list of stocks to be included in the 1936 Index, only 6 issues have had to be dropped from last year's tabulation—on account of mergers, bankruptcy, failure to register under the Stock Exchange Act, or through lack of public interest as reflected in a shrunken volume of transactions. On the other hand, due to greater public participation in the market resulting from improving business conditions, 13 other issues were sufficiently active last year to warrant inclusion this year; so that the 1936 Index will be composed of 295 stocks, compared with only 288 throughout 1935.

Periodic revisions in the number, character and grouping of issues included in the list are essential to keeping the Index abreast with evolutionary changes in business as mirrored in the stock market. During a protracted period of rising prosperity, such as was experienced with but slight interruption between 1925 and 1930, many ephemeral enterprises spring into the speculative limelight, and their stocks, by sheer force of activity, have to be included in the Price Index if it is to remain representative of the market as a whole during the boom phase. Not a few of such companies, however, are high cost producers or supply nonessentials which go begging in times of major business depression. In consequence of this, their earnings fall off precipitously and many pass into receivership or even bankruptcy; so that their stocks fall into disfavor among investors during the progress of, and convalescence from, a major bear market such as we passed through between 1929 and 1932, inclusive. Hence they must be removed from an index designed to present a true cross section of the general price movement in active stocks. This explains why the Index expanded from 238 component issues in 1926, the year when it was first presented to our readers, up to a maximum number of 428 stocks in 1930, then contracted to 280 issues in 1933, and has now risen to 295 for the current year. Roughly speaking, it will be found that the number of stocks which go into the

THE MAGAZINE OF WALL STREET'S COMMON STOCK PRICE INDEX

Secular Progress of Group Indexes

Yearly Closing Indexes (1925 Cl.—100, unless otherwise stated)

Group	'28	'29	'30	'31	'32	'33	'34	'35
COMBINED AVERAGE	165	109	62	30	27	53	55	78
Agricultural Implements	513	258	112	35	32	69	87	113
Amusements	254	130	88	21	17	27	27	42
Automobile Accessories	190	84	48	24	18	41	56	117
Automobiles	134	54	26	13	11	18	14	18
Aviation ('27—100)	284	86	40	32	56	62	60	108
Baking ('26—100)	82	43	24	10	6	12	9	15
Bottles & Corks ('32—100)	...	...	...	...	100	207	192	319
Business Machines	235	219	129	50	46	108	132	210
Cans	178	172	157	99	102	189	228	287
*Carbon & Nat. Gas ('30—100)	...	...	100	46	52	127	159	215
Chemicals	222	220	126	82	96	194	167	196
Construction	137	82	48	20	14	28	29	43
Copper	300	194	70	30	24	55	44	94
Dairy Products	120	86	83	47	33	26	32	39
Department Stores	86	38	22	10	8	20	21	24
Drugs & Toilet Articles	186	129	83	53	54	57	73	86
Electric Apparatus	184	173	116	47	42	75	79	170
Finance Cos	178	101	78	42	33	104	211	232
Food Brands	132	81	64	45	40	52	58	62
Food Stores	244	116	50	45	50	59	56	47
Furniture & Floor Covering	185	109	32	22	17	47	45	66
Gold Mining	315	265	294	424	514	1181	1165	1116
Household Equipment	111	57	30	17	12	26	36	47
Investment Trusts	154	126	61	19	22	22	21	38
Liquor ('32—100)	...	...	...	...	100	245	247	324
Mail Order	419	133	52	26	20	39	44	66
Meat Packing	104	54	30	30	27	57	62	62
Metal Mining & Smelting	238	132	73	38	30	133	128	170
Petroleum	164	107	52	23	33	66	58	97
Phonos. & Radio ('27—100)	290	130	37	13	10	15	21	32
Public Utilities	216	225	150	78	64	49	35	67
Railroad Equipment	128	99	58	21	18	53	44	56
Railroads	147	129	70	22	18	34	26	27
Realty	142	109	46	8	5	9	9	16
Shipbuilding	77	62	29	9	7	30	42	76
Steel & Iron	139	117	64	26	23	52	54	88
Sugar	79	40	13	7	7	21	22	30
Sulphur	287	214	170	90	112	201	143	154
Telephone & Telegraph	150	169	97	44	36	61	45	78
Textiles	123	50	24	18	30	49	48	71
Tires & Rubber	104	26	11	5	4	11	9	11
Tobacco	181	83	59	48	48	69	85	96
Traction	127	65	67	26	23	57	65	72
Variety Stores	124	89	68	45	34	44	258	259

*—Not published regularly.

Index rises and falls with the total volume of transactions on the New York Stock Exchange; but with a one-year time lag, arising from the circumstance that the Index is revised only once a year.

It will be recalled that judgment plays no part in selecting the issues to be included in our Price Index. The choice is guided by a purely mechanical rule that common stocks in which transactions amounted to 500,000 shares or more during the preceding calendar year are automatically added to the list, and dropped after the annual transactions fall below 100,000 shares. An experience of ten years in computing the Index has amply confirmed the wisdom of this procedure; for it has served throughout that period to keep the Index highly representative of the market as a whole, and has at all times caused it to cover more than 90% of the total volume of transactions in all common stocks listed on the New York Stock Exchange.

Computing the Index

In response to many inquiries, we present herewith a complete list of issues included in the 1936 Price Index, together with the following brief explanation of how the Index is computed:

Each group index, including the Combined Average, is derived separately, as follows:

First determine the price index of each component issue by finding the percentage ratio of its closing price for the current week to its closing price for the preceding year. Then find the unweighted, arithmetical average of these individual indexes. This gives an auxiliary index, called the "current year index." Finally, multiply this current year index by the group's closing index for the previous year, and divide by 100. The result will be the group's "secular index," as published.

The Price Index is compensated, by customary methods, for all stock dividends, split-ups and rights which are valued at 10% or more of the stock's market price immediately after selling "Ex."

Group Changes

Last year the Combined Average was divided into 45 sub-groups, 43 of which were published regularly. The remaining two, though computed weekly, were crowded out of our usually published tables owing to lack of space; but are included in the tabulation of yearly closings which accompanies the present article. This year the same groups are continued; but the stocks of machinery

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THE MAGAZINE OF WALL STREET'S
Common Stock Price Index
1936 Grouping of the 295 Component Issues
A. Groups Published Regularly

5—AGRICULTURAL IMPLEMENTS
Case
Deere
Int. Harvester
Minn.-Mol. Pr. Imp.
Oliver Farm Equip.

8—AMUSEMENTS
Loew's
Paramount
Pathe
R. K. O.
Twentieth Century
Warner Bros.

14—AUTOMOBILE ACCESSORIES
Bendix
Bohn
Borg
Briggs
Budd Mfg.
Budd Wheel
Cont. Motors
Eaton Mfg.
Elec. Auto-Lite
Hayes Body
Houd.-Hershey "B"
Murray
Stewart-Warner
Timken-Detroit

13—AUTOMOBILES
Auburn
Chrysler
General Motors
Graham-Paige
Hudson
Hupp
Mack
Nash
Packard
Reo
Studebaker
White
Yellow Truck

7—AVIATION
Aviation Corp.
Boeing
Curtiss-Wright
Douglas
No. Am. Aviation
United Aircraft
United Air Lines

3—BAKING
Cont. Baking "B"
General Baking
Purity

2—BOTTLES & CORKS
Crown Cork
Owens-Ill. Glass

3—BUSINESS MACHINES
Burroughs
National Cash
Rem.-Rand

2—CANS
American Can
Continental Can

8—CHEMICALS
Allied Chem.
Am. Com. Alc.
Com. Solvents
du Pont
Liquid Carbonic
Mathieson
Union C. & C.
U. S. Industrial Alc.

10—CONSTRUCTION
Am. Radiator
Byers
General Asphalt
Int. Cement
Johns-Manville
Otis Elevator
Penn-Dixie Cement
Thompson-Starrett
U. S. Pipe
Warren Bros.

6—COPPER & BRASS
Anaconda
Bridgeport Brass
Cal. & Hecla
Granby
Kennecott
Phelps-Dodge

2—DAIRY PRODUCTS
Borden
National Dairy

9—DEPARTMENT STORES
Allied Stores
Ass. Dry Goods
Best
City Stores
Macy
Marshall Field
May
Nat. Dept. Stores
Penney

7—DRUGS & TOILET ARTICLES
Coty
Gillette
Lambert
McKesson
United Drug
Vadsco
Zonite

2—FINANCE COMPANIES
Commercial Credit
Com. Invest. Trust

7—FOOD BRANDS
Calif. Packing
Corn Products
General Foods
Gold Dust
Loft
National Biscuit
Standard Brands

4—FOOD STORES
First National
Kroger
National Tea
Safeway

3—FURNITURE & FLOOR COVERING
Congoleum
Simmons
Spiegel-May-Stern

3—GOLD MINING
Alaska Juneau
Dome Mines
McIntyre Porcupine

5—HOUSEHOLD EQUIPMENT
Colgate-Palm.-Peet
Diamond Match
Kelvinator
Procter & Gamble
Servel

5—INVESTMENT TRUSTS
Adams Express
Am. International
Lehman
Transamerica
Tri-Continental

2—LIQUOR
National Distillers
Schenley

9—MACHINERY
Allis-Chalmers
Am. Mach. & Fndry.
Caterpillar
Evans Prods.
Foster Wheeler
General Electric
Timken Roller Bearing
Westinghouse Mfg.
Worthington Pump

2—MAIL ORDER
Montgomery Ward
Sears, Roebuck

4—MEAT PACKING
Armour, Ill.
Gobel
Swift & Co.
Wilson

10—METAL MINING & SMELTING
Am. Metals
Am. Smelt. & Ref.
Cerro de Pasco
Howe Sound
Int. Nickel
Park Utah
Patino Mines
St. Joseph Lead
U. S. Smelting
Vanadium

24—PETROLEUM
Amerada
Atlantic Refining
Barnsdall
Cons. Oil
Cont. Oil (Del.)
Houston (New)
Mid-Cont.
Ohio
Phillips
Pierce Pet.
Plymouth
Pure
Seaboard Oil
Shell Union
Simms
Socony
S. O., Calif.
S. O., Indiana
S. O., N. J.
Superior
Texas Corp.
Tex. Pac. Coal & Oil
Tidewater-Assoc.
Union Oil of Calif.

18—PUBLIC UTILITIES
Am. & For. Pr.
Am. Pr. & Lt.
Am. W. W.
Columbia G. & E.
Commonwealth & So.
Cons. Gas (N. Y.)
Elec. Pr. & Lt.
Int. Hyd.-Elec. "A"
Nat. Pr. & Lt.
North American
Pacific G. & E.
Pacific Lighting
Public Service, N. J.
So. Calif. Edison
Standard G. & E.
Stone & Webster
United Gas Imp.
Util. Pr. & Lt. "A"

3—RADIO
Elec. & Musical Ind.
Radio Corp.
Sparks-With.

8—RAILROAD EQUIPMENT
Am. Car & Fdry.
Am. Loco.
Am. Stl. Fndries.
Baldwin
Gen. Am. Trans.
Gen. Ry. Signal
Pullman
West. Air Brake

24—RAILROADS
Atchison
Atlantic Coast
B. & O.
Canadian Pacific
C. & O.
Chic., Mil., St. P. & P.
Chic. & N. W.
D. & H.
D., L. & W.
Erie
Great Nor. Pfd.

RAILROADS (Concl.)
Ill. Central
Lehigh Valley
L. & N.
M., K. & T.
N. Y. Central
N. Y., N. H. & H.
Northern Pacific
Pennsylvania
Seaboard Air Line
Southern Pacific
Southern Ry.
U. P.
Western Md.

3—REALTY
General Realty
N. Y. Investors
U. S. Realty

3—SHIPBUILDING
Elec. Boat
N. Y. Shipbuilding
Sperry

11—STEEL & IRON
Am. Roll. Mill
Bethlehem Steel
Blaw-Knox
Colo. Fuel & I.
Ludlum
National Steel
Otis Steel
Republic
Truscon
U. S. Steel
Youngstown S. & T.

5—SUGAR
Am. Crystal
Am. Sugar Ref.
Cuban-Am.
Great Western
So. Porto Rico

2—SULPHUR
Freeport
Texas Gulf

3—TELEPHONE & TELEGRAPH
Am. Tel. & Tel.
Int. Tel. & Tel.
Western Union

8—TEXTILES
Am. Woolen
Belding-Hem.
Celanese
Collins & Aikman
Cons. Textile
Gotham
Indus. Rayon
Kayser

4—TIRES & RUBBER
Firestone
Goodrich
Goodyear
U. S. Rubber

4—TOBACCO
Am. Tobacco "B"
Lig. & Myers "B"
Lorillard
Reynolds "B"

4—TRACTION
B. M. T.
I. R. T.
Man. Mod. Gtd.
Omnibus

4—VARIETY STORES
Kresge (S. S.)
McLellan
McCrory
Woolworth

B. Groups Not Published Regularly

2—CARBON & NATURAL GAS
Columbian Carbon
United Carbon

12—UNCLASSIFIED
Am. Ice
Canada Dry
Container Corp.
Cont. Ins.
Eastman Kodak
Glidden
Libby-Owens-Ford
Marine Midland
Phila. & Rdg. C. & I.
Shattuck
Tex. Pac. Lnd. Tr.
United Fruit

Taking the Pulse of Business

—Rising General Activity Ahead

—Oil in Strong Position

—Steel Sees More Business

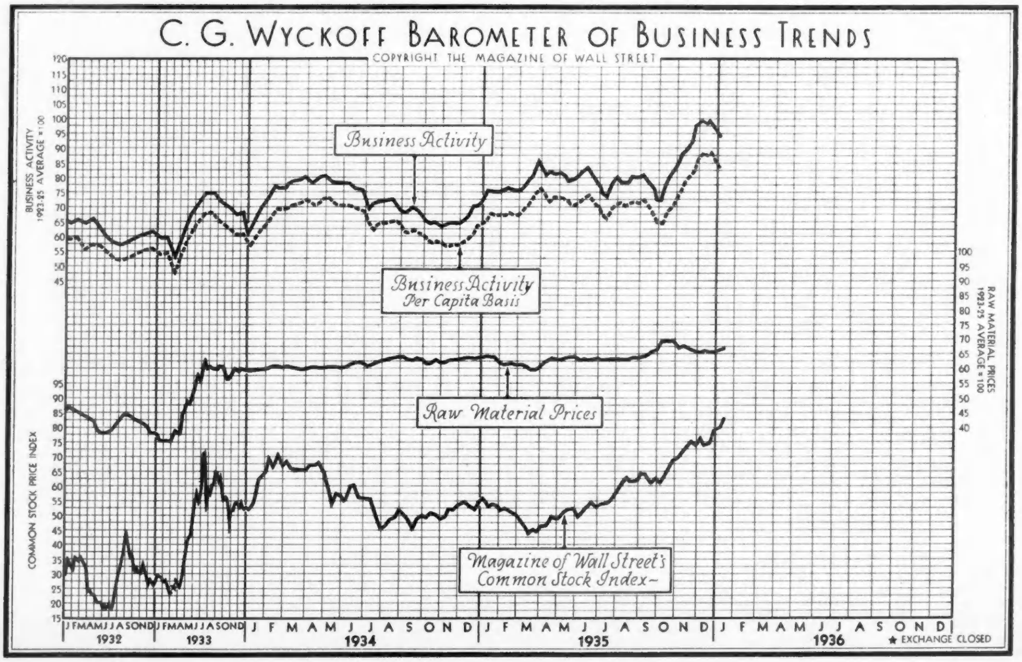
—Motors May Slacken

—Rail Shipments Increase

ALONG with an explanation of the tenth annual revision of our Common Stock Index, which appears elsewhere in the current issue, readers will doubtless be interested in the somewhat altered make-up of of the WYCKOFF BAROMETER which accompanies the current review. It will be noted that the "Cost of Business Credit" has been dropped from the chart. This omission was prompted by recognition that the curve has shown practically no change for several years, and so has ceased to function as a sensitive business barometer. In its place we present a new curve, "Per Capita Business Activity," which is merely the already familiar "Business Activity" Index (still retained) adjusted for growth in population. This curve may be regarded as an indicator of the current annual rate at which the physical volume of goods and services is being produced on a per capita basis, expressed as a percentage of the 1923-5 average—ordinarily regarded as a normal period—and thus may be accepted as a fair measure of our people's standard of living in relation to what we formerly looked upon as "normal." The customary indexes of Business Activity, in rising recently to approximately 100% of the 1923-5 average, have given the impression in some quarters that business is back to normal. Of course this is not true; since the population of United States has grown 11% since 1924. Business Activity, without adjustment for growth in population, would have to reach 111% of the 1923-5 average before conditions, on an average, could again be regarded as approximately normal, and even then, some industries would still have cause to complain of hard times while others could rejoice in gratifying profits.

A recession in Business Activity (and consequently in Per Capita Business Activity which, over short periods of time, moves parallel with the Business Activity curve) over the holidays is attributable to the circumstance that shut-downs around the year-end were more extensive than usual—probably to make repairs and adjustments which had previously been prevented by unseasonally high rates of operation during the Autumn months. Within another fortnight some recovery will doubtless take place in the Business curves; though automobile production will not expand during the next few months at the rapid rate which was customary in former years of prosperity, and this will tend to slacken the pace of recovery in general business conditions unless the building industry and railroad equipment makers soon take up the leadership. Any slackening in the general business indexes which may take place during the present quarter, however, will merely reflect a somewhat less favorable comparison with a trend which used to be normal in former years when new motor car models were brought after the turn of the year; and should not be taken as indicative of results for the full calendar year, which should again benefit by a greater than normal seasonal rise during the fourth quarter, if the plan is then still followed of bringing out new models early in November.

At present, it thus seems probable that the present year as a whole will witness further improvement over 1935.



Nothing at present on the horizon points to any considerable falling off in that portion of the nation's income which is available for the purchase of consumers' goods, and still falling interest rates appear to be all but forcing a strong revival in demand for capital goods, which is likely to receive further impetus from a revival in business confidence generated by rising prospects for the defeat of New Deal policies, not only through adverse decisions by the U. S. Supreme Court but also at the polls this autumn. Even at this early date there is unmistakable evidence that the recent voidance of A A A by the Supreme Court is destined to spur further expansion in business activity in a degree equal to, if not exceeding, the marked improvement which took place following the demise of N R A.

The Trend of Major Industries

STEEL—Steel ingot operations over the holidays dropped to around 48% of capacity, compared with 41.3% the previous year, though finished steel output held up somewhat better. Specifications by the principal consuming industries have shown little slackening, and prospects for the new year are so promising that talk has been revived of an early price advance in sheets, strips and wires. Against this, however, must be considered the recent price shading by a few producers of bars and wires and fresh uncertainties as to the year's demand from agricultural implement makers arising from the demise of A A A. On the other hand, inquiries for new rolling stock, rails and fastenings are becoming more numerous and some authorities in the trade estimate this year's takings by the railroads at twice the amount ordered in 1935. Per capita consumption of steel in the United States last year, for the first time in four years, lead all other countries and, at 583 pounds per inhabitant, was 30% ahead of 1934, though 41% below the record level of 999 pounds established in 1929.

METALS—Although terms of the recent agreement providing for this country's purchasing of silver produced in Mexico have not been announced up to present writing, the recent stability of New York silver at 49¾ cents suggests that the present price agreed upon must have been in the neighborhood of 50 cents. In London, silver has fallen at 45½ cents, at which price it is barely profitable to smuggle the metal out of northern China. Domestic copper sales at 9¼ cents have picked up sharply since the first of the year; though export business is quiet at prices ranging as low as 8½ cents. World output of tin for the twelve months ended October 31, was the highest in four years and 25% ahead of takings for the previous like period. Meanwhile, however, consumption rose only 20% and the price has dropped 1¼ cents since our last issue. Other non-ferrous metal prices remained unchanged.

PETROLEUM—The oil industry enters 1936 with the best statistical position in fifteen years; since the number of days' supply of crude and refined products on hand was the smallest since 1920. Average prices of oil and its products are nevertheless 36% below other commodities, as compared with the base year, 1926; so that a rise of some proportions would seem to be only a question of time. Total demand for domestic petroleum products in 1935 was 5.9% greater than in 1934, with exports showing a gain of 8.9%, and imports up only 5.1%.

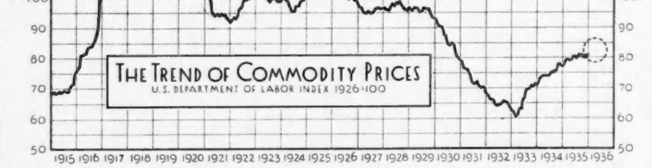
RAILROADS—Net operating income of Class I carriers in November gained about 58% over the previous November, against an increase of only 17% in gross revenues. For December the gain in net operating income over the previous December is estimated at about 25%. Allowing for year-end increases this year in dividends received from subsidiaries, it is believed that the railroads, taken as a whole, just about met their taxes and fixed charges last year, the best record since 1931. Net income after fixed charges in December is estimated at about $26,000,000, compared with $8,000,000 in November. Railroad stocks have been rising recently on prospects of heavier crop and livestock movements this year, and because of the suit just brought by the carriers in protest against the Railroad Pension Act passed at the last Congress.

SUGAR—Constitutionality of the Jones-Costigan Act, authorizing tariffs and quotas on sugar, is probably not affected by the A A A decision and, as carryovers are low in countries from which our supply is derived, prospects seem to favor a firm market for raw sugar and reasonable profits for growers and refiners.

OFFICE EQUIPMENT—The Social Security Act, if not found unconstitutional, is expected to create a brisk demand for office calculating machines.

Conclusion

A rather sharp recession in the business indexes recently was occasioned by somewhat greater than seasonal shutdowns for repairs over the holidays. The next fortnight should witness a resumption of the upward trend; though it does seem probable that the pace of recovery will slacken somewhat during the next few months in consequence of greater than customary stability in automobile production. The great gain in business confidence aroused by checks to New Deal policies administered by the courts and waning public support for the present Administration at Washington, as reflected in a bouyant Common Stock Index, offers comforting assurance, however, that 1936 as a whole will witness a considerable improvement over the past year.

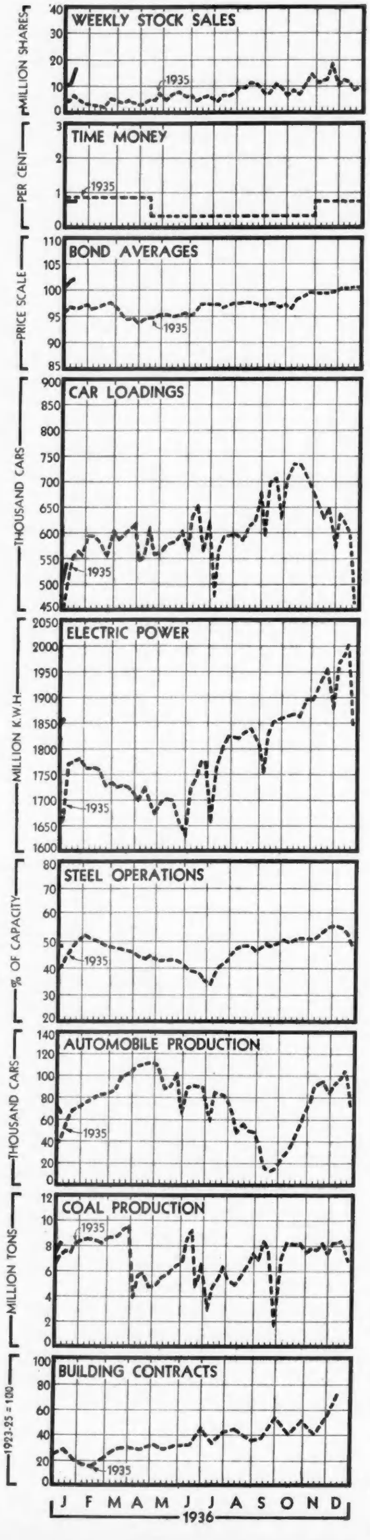


Changes in Major Commodity Price Group for the Fortnight Ended January 4, 1936

Farm Products	up	2.0	Metals	down	0.3
Foods	up	0.5	Building materials	no change	
Hides and leather	up	0.4	Chemicals	down	0.1
Textiles	up	0.2	Housefurnishings	no change	
Fuel and lighting	down	0.2	Miscellaneous	no change	

The Magazine of Wall Street's Indicators

Business Indexes



Common Stock Price Index

1935 Indexes High	1935 Indexes Low	1935 Indexes Close	Number of Issues	(1925 Close—100)	1936 Indexes High	1936 Indexes Low	Jan. 1	Jan. 4	Jan. 11
78.4	43.0	78.4	295	COMBINED AVERAGE	83.3	78.4	78.4	80.0	83.3H
119.5	64.1	113.4	5	Agricultural Implements	118.0	113.4	113.4	117.6	118.0
41.9	17.8	41.6	6	Amusements	45.7	41.6	41.6	43.4	45.7
116.9	44.6	116.9	14	Automobile Accessories	121.2	116.8	116.9	116.8	121.2H
17.7	8.8	17.7	13	Automobiles	20.0	17.7	17.7	17.7	20.0
108.2	41.3	108.2	7	Aviation (1927 Cl.—100)	108.2	105.9	108.2H	105.9	107.7
14.7	7.9	14.7	3	Baking (1926 Cl.—100)	17.6	14.6	14.7	14.6	17.6
325.0	184.9	318.6	2	Bot. & Cks. ('32 Cl.–100)	347.0	318.6	318.6	327.8	347.0H
209.9	113.7	209.9	3	Business Machines	219.4	209.9	209.9	215.2	219.4H
316.6	226.1	287.4	2	Cans	287.4	280.5	287.4	280.5	286.0
202.7	144.6	195.6	8	Chemicals	200.3	195.0	195.6	195.0	200.3
42.8	22.6	42.8	10	Construction	48.7	42.8	42.8	46.8	48.7H
88.6	35.7	87.9	6	Copper & Brass	91.2	87.9	88.6	88.4	91.2H
39.3	27.5	39.3	2	Dairy Products	39.6	39.3	39.3	39.3	39.6
26.6	16.0	23.5	9	Department Stores	24.0	23.5	23.5	23.6	24.0
87.6	56.1	85.8	7	Drugs & Toilet Articles	91.6	85.8	85.8	91.6H	90.4
270.0	211.2	231.8	2	Finance Companies	231.8	227.2	231.8	230.2	227.2
66.2	51.8	62.0	7	Food Brands	68.1	62.0	62.0	64.8	68.1
56.4	46.2	47.1	4	Food Stores	48.9	47.1	47.1	47.3	48.9
65.7	32.1	65.7	3	Furniture & Floor Cover	69.3	65.7	65.7	67.6	69.3H
1209.7	990.2	1116.0	3	Gold Mining	1203.1	1116.0	1116.0	1130.5	1203.1
46.8	35.3	46.8	5	Household Equipment	47.7	46.8	46.8	47.0	47.7H
38.7	17.0	38.3	5	Investment Trusts	40.7	38.3	38.3	38.9	40.7H
359.0	223.6	323.8	2	Liquor (1932 Cl.—100)	323.8	303.0	323.8	304.1	303.0
139.0	65.1	139.0	9	Machinery	140.1	139.0	139.0	140.1H	139.4
67.3	36.0	65.9	2	Mail Order	65.9	63.1	65.9	64.7	63.1
63.0	34.5	62.4	4	Meat Packing	75.8	62.4	62.4	66.8	75.8
183.6	109.4	169.5	10	Metal Mining & Smelting	179.4	168.3	169.5	168.3	179.4
97.2	51.3	97.2	24	Petroleum	105.8	97.2	97.2	98.0	105.8H
67.2	23.0	67.2	18	Public Utilities	72.9	67.2	67.2	69.3	72.9
33.0	15.9	31.5	3	Radio (1927—100)	33.1	31.5	31.5	31.8	33.1H
55.7	29.3	55.7	8	Railroad Equipment	58.2	55.7	55.7	57.1	58.2
28.8	16.5	27.3	24	Railroads	29.3	27.3	27.3	29.0	29.3
16.8	5.2	16.1	3	Realty	17.5	16.1	16.1	17.5H	16.4
76.4	28.5	76.4	3	Shipbuilding	79.2	75.8	76.4	75.8	79.2H
88.1	37.6	88.1	11	Steel & Iron	95.3	88.1	88.1	89.5	95.3H
30.4	21.1	30.4	5	Sugar	30.5	29.8	30.4	30.5	29.8
153.6	122.5	153.6	2	Sulphur	165.8	153.4	153.6	153.4	165.8
78.3	34.2	77.5	3	Telephone & Telegraph	81.3	77.5	77.5	81.3	80.5
73.5	34.7	70.5	8	Textiles	76.3	70.5	70.5	71.8	76.3
10.6	6.0	10.6	4	Tires & Rubber	11.1	10.6	10.6	11.1	11.1
101.8	77.2	96.5	4	Tobacco	98.8	96.2	96.5	96.2	98.8
85.4	51.0	72.1	4	Traction	73.7	71.0	72.1	71.0	73.7
282.8	219.7	259.5	4	Variety Stores	259.5	254.5	259.5	257.9	254.5

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1. Give all necessary facts, but be brief.
2. Confine your request to *three listed securities.*
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MACK TRUCKS, INC.

I have been told a proposed manufacturing agreement with another motor company stands to greatly improve Mack Trucks' prospects. Would you care to comment on this? Also, would you advise holding 150 shares, averaging 24?—U. I., Miami, Fla.

Thus far, there has been little in the earnings reports of Mack Trucks which would stimulate market interest in the stock. The report of the company for the nine months ended September 30, 1935, showed a net loss of $603,553, against a profit of $167,251, equal to 25 cents a share on the capital stock for the similar 1934 period. Losses were recorded in each of the first three quarters of the year, whereas in 1934 the June quarter profit more than offest the small losses sustained in the March and September quarters. The chief reason for the failure of Mack to enjoy the earnings improvement shown by many of its principal competitors is that its line consists principally of heavy duty trucks of the quality type. Thus far, there has been very little improvement in demand for this type of equipment, most concerns preferring to purchase less expensive light types. In order to cope with this situation, negotiations are understood to be under way whereby the Reo Motor Car Co. would manufacture a line of light trucks to be marketed by Mack Trucks under its own name. Whether or not this deal goes through remains to be seen, but it would seem to be a logical move from the standpoint of both organizations. In the meantime, Mack's strong financial condition should permit continuance of dividends at the present rate of $1 annually. From a longer range viewpoint, the company's position appears assured. Certainly the heavy government expenditures for public works, together with the improvement indicated in the heavy industries augurs well for the future. Moreover, the trend from street railway lines to buses should furnish a profitable field for the company. Despite the fact that you now have a fair profit on your commitment in the stock, therefore, we believe that retention is the logical course for you to follow.

AMERICAN BRAKE SHOE & FOUNDRY CO.

I understand the improved showing for American Brake Shoe in 1935 was largely due to benefits received through its subsidiary, American Brakeblok Corp., from record automobile production. Do you believe this trend will continue in 1936? What are its prospects as a railroad equipment manufacturer?—M. N. B., Detroit, Mich.

As this is written, the report of American Brake Shoe & Foundry Co. for the full year 1935 is not available, but is seems probable that per share earnings on the common stock were almost double those of 1934 when 83 cents a share was shown. In the first six months of 1935, net income amounted to $773,688, equal, after preferred requirements, to 72 cents a share on the common stock, against 53 cents a share for the like 1934 interval. Since that time the company has enjoyed continued expansion in the operations of its subsidiary, American Brakeblok Corp., while the improvement in carloadings during the Fall months doubtless aided the demand for brake shoes. With the outlook for takings by the automobile industry promising for the current year, and with the trend toward expanding purchases by the railroad, American Brake Shoe should enjoy further earnings improvement. Reflecting the confidence of the management in the outlook and the company's highly liquid financial condition, an extra dividend of 25 cents a share on the common stock recently was declared in addition to the regular quarterly of 25 cents a share. While the current return on the stock based on recent quotations of around 42 is not very high, the distinctly promising outlook for the trend of earnings and the consequent expectation of higher distributions later on are factors which will unquestionably continue to dominate the stock's action marketwise. In addition to its products sold to automobile and bus manufacturers, the company through a subsidiary is a large producer of manganese steel, and holds a large interest in National Bearing Metals Corp. and Bucy-

(*Please turn to page* 409)

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The INVESTMENT and BUSINESS FORECAST OF The MAGAZINE of WALL STREET

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Rails

	1933 High	1933 Low	1934 High	1934 Low	1935 High	1935 Low	Last Sale 1/8/36	Div'd $ Per Share
A								
Atchison	80⅛	34⅝	73¾	45¼	60	35¾	66¾	†2
Atlantic Coast Line	59	16½	54¼	24½	37¼	19½	31¾	..
B								
Baltimore & Ohio	37⅞	8¼	34½	12¾	18	7½	17⅞	..
Bangor & Aroostook	41¾	20	46⅛	35½	49½	36⅛	43½	2.50
Brooklyn-Manhattan Transit	41¼	21¾	44⅞	28¼	46¾	36½	40¾	3
C								
Canadian Pacific	20⅞	7½	18¼	10⅞	13¾	8⅝	11½	..
Chesapeake & Ohio	49¼	24⅝	48⅝	39½	53¼	37⅛	53½	2.80
C. M. & St. Paul & Pacific	11¾	1	8½	2	3	¼	2	..
Chicago & Northwestern	16	1¼	15	3½	5⅝	1⅜	3¾	..
Chicago, Rock Island & Pacific	10⅛	2	6¼	1⅜	2⅝	¾	2	..
D								
Delaware & Hudson	93¾	37⅝	73½	35	43½	23½	38⅝	..
Delaware, Lack. & Western	46	17¼	33¾	14	19⅛	11	17	..
E								
Erie R. R.	25¾	3¾	24⅞	9⅜	14	7⅛	12½	..
G								
Great Northern Pfd	33¾	4⅝	32½	12¼	35⅛	9⅝	34¼	..
H								
Hudson & Manhattan	19	6½	12⅛	4	5½	2¾	4½	..
I								
Illinois Central	50¾	8½	38⅞	13⅝	22¼	9½	21⅛	..
Interborough Rapid Transit	13¾	4⅛	17½	5¼	23⅝	8¾	17¼	..
K								
Kansas City Southern	24⅞	6½	19¾	6⅝	14½	3¾	15	..
L								
Lehigh Valley	27¾	8⅝	21¼	9½	11½	5	9½	..
Louisville & Nashville	67½	21¼	62½	37¾	64¾	34	62½	2.50
M								
Mo., Kansas & Texas	17⅛	5¾	14⅞	4⅜	6⅜	2½	6¼	..
Missouri Pacific	10¼	1⅛	6	1½	3	1	2½	..
N								
New York Central	58½	14	45¼	18⅜	29¾	12¼	29¾	..
N. Y., Chic. & St. Louis	27⅝	2⅛	26⅞	9	19	6	19⅝	..
N. Y., N. H. & Hartford	34⅞	11⅛	24⅛	6	8½	2⅝	4½	..
N. Y., Ontario & Western	15	7½	11⅝	4½	6½	2⅝	5¾	..
Norfolk & Western	177	111½	187	161	218	158	214	*8
Northern Pacific	34⅞	9⅝	36¼	14½	25¼	13⅛	26⅜	..
P								
Pennsylvania	42¼	13¾	39⅛	20⅛	32½	17¼	34	‡1
Pere Marquette	37	3⅞	38	12	34½	9¼	31⅛	..
Pittsburgh & W. Va	35¾	6½	27	10	25	6⅞	23	..
R								
Reading	62½	23½	56⅜	35⅛	43⅛	29⅞	39¼	2
S								
St. Louis-San Fran	9	⅞	4⅝	1⅛	2	¾	1⅞	..
St. Louis-Southwestern	22	5¼	20	8	14	7¾	10¼	..
Southern Pacific	38¾	11⅛	33¾	14⅞	25½	12¾	25⅞	..
Southern Railway	36	4⅛	36½	11½	16½	5½	15½	..
T								
Texas & Pacific	43	15	43¼	13½	28½	14	30⅞	..
U								
Union Pacific	132	61¼	133⅞	90	111½	82½	114	6
W								
Western Maryland	16	4	17¼	7⅛	10⅛	5½	9⅜	..
Western Pacific	9½	1	8½	2⅝	3⅞	1⅛	2¾	..

Industrials and Miscellaneous

	1933 High	1933 Low	1934 High	1934 Low	1935 High	1935 Low	Last Sale 1/8/36	Div'd $ Per Share
A								
Adams-Millis Corp	21⅝	8	34⅞	16	37¼	28	35¼	2
Air Reduction, Inc.	112	47½	113	91¾	173	104⅜	175	*3
Alaska Juneau	33	11⅛	23⅞	16⅝	20⅛	13¼	15⅞	*.60
Allegheny Steel	26	5	23⅛	15	32	21	32½	1
Allied Chemical & Dye	152	70¾	160¾	115⅛	173	125	170¾	6
Allis Chalmers Mfg	26¾	6	23⅜	10⅜	37⅞	12	38¾	..
Alpha Portland Cement	24	5¾	20⅛	11½	22¾	14	22⅛	1
Amerada Corp	47⅝	18½	55⅝	39	80	48½	78½	2
Amer. Agric. Chemical (Del.)	35	7¼	48	25¼	57¾	41½	52	3
American Bank Note	28½	8	25¼	11½	47⅜	13½	44¼	‡.25
Amer. Brake Shoe & Fdy	42½	9⅛	38	19½	42½	21	48	*1
American Can	100½	49½	114¾	90¼	149⅝	110	133	*4
Amer. Car & Fdy	39¾	6⅛	33⅞	12	33⅞	10	35	..
American Chicle	51¼	34	70⅝	46¼	96	66	89½	*3
American & Foreign Power	19⅝	3⅞	13¾	3⅞	9¼	2	8½	..
Amer. International Corp	15⅛	4¼	11	4¾	11⅜	4½	12	..
Amer. Power & Light	19⅞	4	12¼	3	9⅝	1½	9⅞	..
Amer. Radiator & S. S.	19	4⅝	17⅝	10	25⅛	10½	27	..
Amer. Rolling Mill	31⅞	5¾	28¼	13½	32⅜	15¾	32⅝	1.20
Amer. Smelting & Refining	53½	10¾	51¼	30¼	64⅝	31⅝	58⅞	‡.40
Amer. Steel Foundries	27	4⅝	26½	10⅛	25¼	12	25½	..
Amer. Sugar Refining	74	21½	72	46	70½	50⅛	52½	2
Amer. Tel. & Tel	134¾	86½	125¼	100⅛	160½	98⅞	159¼	9
Amer. Tob. B	94¾	50¾	89	67	107	74¾	101¾	5
Amer. Water Works & Elec	43¼	10⅞	27⅝	12⅝	22¾	7⅛	23⅝	..
Amer. Woolen Pfd	67½	22⅝	83¾	36	10¾	4⅞	10¼	..
Anaconda Copper Mining	22⅞	5	17¾	10	30	8	29¼	..
Amour Co. of Ill	....	....	6¾	3½	6⅛	3¼	5¾	..
Atlantic Refining	32½	12⅜	35¼	21½	28	20½	29¼	1
Auburn Auto	84¼	31	57⅜	16½	45½	15	43½	..
Aviation Corp. Del	16⅜	5½	10¾	3¾	5¼	2¾	5	..
B								
Baldwin Loco. Works	17⅝	3½	16	4½	6⅝	1½	4½	..
Bayuk Cigar	52½	3¼	45¾	23	66¾	37½	68¼	1
Beatrice Creamery	27	7	19¾	10¼	20⅛	14	19¼	†.50

Price Range of Active Stocks

Industrials and Miscellaneous (*Continued*)

	1933 High	1933 Low	1934 High	1934 Low	1935 High	1935 Low	Last Sale 1/8/36	Div'd $ Per Share
B								
Beech-Nut Packing	70½	45	76⅝	58	95	72	89	*3
Bendix Aviation	21¼	6⅛	23⅞	9¾	24½	11⅞	22⅝	†.25
Best & Co	33⅛	9	40	26	57½	34	49½	2
Bethlehem Steel Corp	49¼	10⅛	49½	24⅛	52	21⅝	53¼	..
Bohn Aluminum	58½	9½	68¾	44½	59⅞	39⅝	54⅜	3
Borden Company	37⅜	18	28¼	19⅞	27¾	21	27⅛	1.60
Borg Warner	22¼	5½	31⅜	16⅛	70½	28¼	67¾	2
Briggs Mfg	14⅝	2⅝	28⅜	12	55⅜	24½	52⅝	*2
Bristol-Myers	40½	25	37½	26	42	30⅜	41½	*2
Burroughs Adding Machine	20⅞	6⅛	19⅜	10½	28	13¼	26½	*60
Byers & Co. (A. M.)	43¼	8½	32¾	13¾	20⅝	11⅜	22¼	..
C								
California Packing	34¾	7¾	44⅜	18¾	42½	30½	35¾	1.50
Canada Dry Ginger Ale	41¼	7½	29½	12½	17⅝	8⅛	15¾	..
Case, J. L.	103½	30½	86¾	35	111¼	45¾	93⅞	..
Caterpillar Tractor	29¾	5½	38¾	23	60	36½	56	*1
Celanese Corp	58⅞	4½	44⅞	17⅛	35⅜	19½	30⅞	..
Cerro de Pasco Copper	44¾	5⅞	44½	30¼	65⅜	38⅝	53¾	4
Chesapeake Corp	52½	14⅞	48⅞	34	61¼	36	65	3
Chrysler Corp	57⅝	7¾	60⅜	29¼	93⅞	31	88⅞	3
Coca-Cola Co	105	73½	161½	95¼	93	72½	87½	2
Colgate-Palmolive-Peet	22⅜	7	18⅛	9⅜	21	15⅛	19¼	.50
Columbian Carbon	71¼	23⅛	77¼	58	101¼	67	100¾	*4
Colum. Gas & Elec	28⅛	9	19¼	6⅝	15¾	3⅜	15⅝	†.20
Commercial Credit	19¼	4	40¼	18⅝	58	39½	44⅝	2.50
Comm. Inv. Trust	43½	18	61	35¾	72	56¼	56¼	*3
Commercial Solvents	57¼	9	36¾	15¾	23⅞	16½	22⅛	.60
Congoleum-Nairn	27⅝	7⅜	35⅜	22	45¾	27	44⅜	1.60
Consolidated Gas of N. Y.	64⅛	34	47⅜	18½	34¾	15⅞	33¼	1
Consol. Oil	15¾	5	14¼	7¼	12¼	6½	12⅞	‡.25
Container Corp., New	10¼	1⅛	13¾	6⅛	23⅛	22	21½	..
Continental Can, Inc	78⅜	35¼	64½	56¾	99¼	62¾	84½	3
Continental Insurance	36½	10½	36¼	23⅜	44⅞	28⅞	43⅜	*1.20
Continental Oil	19⅝	4⅞	22¾	15¾	35	15⅛	36½	1
Corn Products Refining	90⅝	45⅜	84½	55½	78⅜	60	72	3
Crown Cork & Seal	65	14¼	36¼	18¾	48⅞	23½	45	1
Cudahy Packing	59½	20¾	52⅝	37	47½	37	42	2.50
Cutler-Hammer, Inc	21	4¼	21½	11	47	16	44¼	†.25
D								
Deere & Co	49	5¾	34⅛	10⅛	58¾	22¾	55½	..
Diamond Match	29½	17½	28½	21	41	26½	38¼	*1.50
Dome Mines	39½	12	46¼	32	44⅞	34⅛	43¼	*2
Douglas Aircraft	18¼	10¼	28½	14¼	58⅜	17½	56¼	†.75
Du Pont de Nemours	96⅜	32⅛	103⅞	80	146½	86⅝	142½	3.60
E								
Eastman Kodak Co	89¾	46	116½	79	172¼	110½	160½	*5
Electric Auto Lite	27½	10	31⅜	15	38¾	19⅜	37¾	1.20
Elec. Power & Light	15⅜	3⅛	9⅝	2¼	7½	1⅛	7¾	..
Electric Storage Battery	54	21	52	34	58¾	39	54⅜	*2
F								
Fairbanks, Morse & Co	11¼	2½	18¾	7	39½	17	36	..
Firestone Tire & Rubber	31½	9⅛	25¼	13⅛	25½	13⅛	25½	1.20
First National Stores	70¾	43	69¼	53	58⅞	44⅜	46⅝	2.50
Foster Wheeler Corp	23	4½	22	8½	30	9⅞	29	..
Freeport Texas Co.	49⅜	16⅛	50⅜	21½	30⅝	17¼	30	1
G								
General Amer. Transpt	43¼	13¾	43⅝	30	48½	32⅝	52⅛	1.75
General Baking	20⅞	10½	14⅜	6½	13⅜	7⅜	14	.60
General Electric	30¼	10½	25¼	16⅞	40⅞	20½	39¼	.80
General Foods	39⅞	21	36⅞	28	37½	30	35½	1.80
General Mills	71	35½	64½	51	72½	59⅞	69	3
General Motors Corp	35¾	10	42	24⅝	59⅜	26⅝	55½	*2
General Railway Signal	49½	13¼	45¾	23½	41¼	15⅝	42	1
General Refractories	19¾	2½	23⅜	10⅛	33½	16¾	35⅝	†.50
Gillette Safety Razor	20¼	7⅝	14⅞	8½	19½	12	17	1
Glidden Co	20	3¾	28⅜	15⅝	49½	23⅜	49½	2
Gold Dust Corp	27⅜	12	23	16	22	14⅜	20¾	1.20
Goodrich Co. (B. F.)	21½	3	18	8	14½	7½	14¼	..
Goodyear Tire & Rubber	47½	9¼	41⅜	18½	26⅞	15¾	23⅛	..
Great Western Sugar	41⅞	7	35¼	25	34⅞	26⅝	32	2.40
H								
Hercules Powder Co	68⅝	15	81⅝	59	90	71	87⅛	*3
Hershey Chocolate	72	35⅛	73¾	48½	81¾	73¼	79⅜	3
Homestake Mining	373	145	430⅛	310	495	338	500⅛	*12
Hudson Motor Car	16⅜	3	24½	6⅛	17½	6¼	15⅞	..
Hupp Motor Car	7¾	1⅝	7¼	1⅞	3⅞	¾	1⅞	..
I								
Industrial Rayon	....	....	32¼	19⅜	36⅜	23½	30¾	1.68
Ingersoll-Rand	78	19⅛	73¾	49½	121	60½	119	*2
International Business Machines	153¼	75¾	164	131	190½	149¼	182½	*6
Inter. Cement	40	6⅛	37¾	18⅜	36⅞	22⅞	40½	1
Inter. Harvester	46	13⅝	46⅞	23¼	65⅝	34⅛	56⅝	1.20
Inter. Nickel	23¼	6¾	29¼	21	47¼	22¼	45¼	1
Inter. Tel. & Tel.	21¾	5⅛	17¾	7½	14	5⅝	14⅜	..
J								
Jewel Tea Co., Inc	45	23	57½	33	67	49	59	3
Johns-Manville	63½	12¼	66⅜	39	99½	38½	98	2
K								
Kelvinator	15⅝	3⅛	21¼	11⅝	18¼	10¼	16½	*.50
Kennecott Copper	26	7⅜	23⅛	16	30⅜	13¾	28⅞	.80
Kroger Grocery & Baking	35⅝	14½	33⅝	23¼	32⅛	22¼	27¾	1.60
L								
Lambert Co	41⅛	19⅜	31¾	22¼	28½	21¾	23¼	2
Lehman Corp	79⅜	37½	78	68¼	95¾	67⅛	97¼	3
Libbey-Owens-Ford	37⅜	4¾	43⅞	22½	49¼	21½	49	1.20
Liggett & Myers Tob. B	99⅜	49¼	111¼	74½	120	94¼	110¼	*4
Loew's, Inc	36½	8½	37	20⅜	55⅛	31¼	54	*2
Loose-Wiles Biscuit	44¾	19¼	44¾	33¼	41⅝	33	43	2
Lorillard	25¼	10⅜	22½	15¾	26½	18½	26	1
M								
Mack Truck, Inc	46⅜	13½	41¾	22	30⅝	18⅝	30¼	1
Macy (R. H.)	65¾	24¼	62⅛	35¼	57½	30½	45⅝	2
Mathieson Alkali	46⅝	14	40¾	23½	33⅞	23¾	32¼	1.50

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IRB

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Dividend Notice

REGULAR quarterly dividends have been declared by the board of directors, as follows:

Preferred Stock Series A 87½c per share

Common Stock 37½c per share

In addition an extra dividend of 25c per share on Common Stock

All dividends are payable January 30, 1936 to stockholders of record at close of business January 15, 1936.

E. A. BAILEY,
Treasurer

New York Stock Exchange Price Range of Active Stocks

Industrials and Miscellaneous (*Continued*)

	1933		1934		1935		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	1/8/36	Share
M								
May Dept. Stores	33	9¾	45¾	30	57¾	35⅞	51	1.60
McIntyre, Porcupine	48⅜	18	50½	30½	45⅝	33¾	42¼	2
McKeesport Tin Plate	95¾	44⅛	95⅛	79	131	90½	118½	*4
Mesta Machine Co	21	7	34¾	20⅛	42⅝	24⅛	42½	2
Monsanto Chemical	83	25	96½	39	94¾	55	91½	*1
Montgomery Ward & Co	28⅞	8⅝	35⅝	20	40⅞	21¾	36½	..
N								
Nash Motor Co	27	11⅛	32¼	12⅝	19½	11	18	1
National Biscuit	60⅝	31½	49½	25⅞	36⅜	22¼	36⅝	1.60
National Cash Register	23⅝	5⅛	23⅝	12	23½	13½	23	.50
National Dairy Products	25¾	10½	19¾	13	22⅛	12⅞	22¼	1.20
National Distillers	35¼	20⅞	31⅝	16	34½	23⅛	30¼	2
National Lead Co	140	43¼	170	135	206	145	207	5
National Power & Light	20½	6⅞	15½	6⅝	14¾	4⅞	12⅛	.60
National Steel	55⅛	15	58¼	34½	83¾	40⅜	74¼	*1
N. Y. Air Brake	23½	6⅛	28¾	11½	36½	18½	32½	..
North American Co	36½	12½	25¼	10¼	28	9	29¼	1
O								
Otis Elevator	25¼	10⅛	19⅜	12½	26⅝	11⅛	26⅝	.60
Owens Ill. Glass	96¾	31½	94	60	129	80	146¾	4
P								
Pacific Gas & Electric	31⅞	15	23½	12⅜	31⅝	13⅛	32⅜	1.50
Pacific Lighting	43⅜	22	37	20¾	56	19	53¾	2.40
Packard Motor Car	6⅞	1¾	6⅝	2¾	7½	3½	7⅜	‡.10
Paramount Pictures	....	....	....	....	12	8	10½	..
Penney (J. C.)	56	19¼	74¼	51½	84¾	57¼	76¼	*3
Penick & Ford	60¾	25½	67	44⅝	81	64½	69	3
Phelps Dodge Corp	18⅞	4½	18⅞	13¼	28⅛	12¾	26½	.50
Phillips Petroleum	18¾	4¾	20¾	13⅜	40	13¾	40⅜	1
Pillsbury Flour Mills	22½	9½	34¾	18½	38	31	36¾	1.60
Procter & Gamble	47½	19⅝	44⅜	33⅛	53¾	42⅜	48¼	1.50
Public Service of N. J.	57⅛	32⅝	45	25	46¾	20⅜	47½	2.40
Pullman, Inc	58⅛	18	59⅜	35¼	52⅞	29½	39⅞	1.50
R								
Radio Corp. of America	12¼	3	9⅛	4½	13⅜	4	13¼	..
Radio-Keith-Orpheum	5¾	1	4¼	1½	6	1¼	5⅞	..
Raybestos-Manhattan	20⅝	5	23	14½	30¼	16½	29½	1
Remington Rand	11¼	2½	13⅜	6	20¾	7	21⅞	..
Republic Steel	23	4	25¾	10½	20¾	9	19½	..
Reynolds (R. J.) Tob. Cl. B	54¼	26½	53¾	39¾	67	55¼	60	3
S								
Safeway Stores	62⅜	28	57	38¼	46	31⅝	34¾	2
Schenley Distillers	47	22	38⅞	17⅛	56¼	22	48½	..
Sears, Roebuck & Co	47	12½	51¼	31	69⅞	31	61½	2
Servel, Inc	7½	1½	9	4⅜	17	7⅝	15⅞	†.12½
Shattuck (F. G.)	13¼	5¾	13⅞	6¾	12⅞	7¼	11⅝	.25
Shell Union Oil	11⅝	4	11½	6	16½	5½	16½	..
Socony-Vacuum Corp	17	6	19⅞	12½	15¾	10⅝	15⅜	.30
So. Cal. Edison	28	14⅛	22⅛	10⅛	27	10⅝	26⅞	1.50
Spiegel May Stern Co	21½	1	76¾	64	84	43⅞	68¾	3
Standard Brands	37⅝	13¾	25¼	17¼	19⅛	12½	16⅜	.80
Standard Oil of Calif	45	19½	42⅞	26½	41⅛	27¾	41¼	1
Standard Oil of Ind	....	....	32¾	23¼	33⅜	23	36⅛	1
Standard Oil of N. J.	47½	22¾	50⅛	39¼	52⅜	35¾	53¾	*1
Sterling Products	63	45¾	66½	47¼	68	58¾	65½	3.80
Stewart-Warner	11½	2½	10⅝	4½	18⅞	6⅝	18⅛	.50
Stone & Webster	19¼	5½	13¼	3⅞	15⅛	2½	17⅝	..
Sun Oil Co	59	35	74¼	51½	77	60½	75½	*1
T								
Texas Corp	30⅛	10¾	29⅜	19⅝	30¼	16½	30½	1
Texas Gulf Sulphur	45¼	15¼	43¼	30	36¾	28¾	35	2
Tide Water Assoc. Oil	11¾	3⅛	14⅜	8	15⅞	7⅝	15½	†.25
Timken Roller Bearing	35½	13¾	41	24	72½	28⅜	66⅞	*2
Tri-Continental Corp	8¾	2¾	6¾	3	8¼	1⅞	7¾	..
U								
Underwood-Elliott-Fisher	39½	9¼	58⅞	36	87¼	53¾	92½	2½
Union Carbide & Carbon	51⅞	19¾	50⅞	35⅞	75¾	44	72⅞	2
Union Oil of Cal	23⅜	8½	20½	11½	24	14¾	24¾	1
United Aircraft	....	....	15¼	8⅛	30⅜	9⅞	28⅞	..
United Carbon	38	10¼	50⅜	35	78	46	72	2.40
United Corp	14½	4	8⅞	2⅛	7¾	1½	8⅛	..
United Corp. Pfd	40⅞	22⅛	37⅞	21¼	45¾	20¾	45½	3
United Fruit	68	23¼	77	59	92¾	60½	68¾	3
United Gas Imp	25	13⅞	20⅛	11½	18½	9¼	19	1
U. S. Gypsum Co	53½	18	51¼	34¼	87	40½	90⅛	*1
U. S. Industrial Alcohol	94	13½	64¾	32	50⅝	35⅛	42¾	2
U. S. Pipe & Fdy	22⅛	6⅛	33	15½	22⅝	14¾	23½	.50
U. S. Rubber	25	2⅞	24	11	17¼	9⅛	17¼	..
U. S. Smelting, Ref. & Mining	105⅝	13½	141	96⅝	124½	91¾	93	3.50
U. S. Steel Corp	67½	23⅜	59⅞	29⅜	50⅝	27½	49⅞	..
U. S. Steel Pfd	105½	53	99½	67¼	119¼	73⅝	118⅜	2
V								
Vanadium Corp	36¼	7⅝	31¾	14	21¾	11¼	22	..
W								
Warner Brothers Pictures	9⅛	1	8¼	2¾	10⅜	2¼	10	..
Western Union Tel	77¼	17¼	66⅞	29½	77¼	20⅝	76⅝	‡2
Westinghouse Air Brake	35⅝	11¾	36	15⅞	35¾	18	36¼	.50
Westinghouse Elec. & Mfg.	58¾	19⅜	47¼	27⅞	98¾	32⅝	102	†1
Woolworth Co. (F. W.)	50⅞	25⅛	55¼	41¼	65¼	51	53⅜	2.40
Worthington Pump & Mach	39⅞	8	31⅞	13½	25¼	11¾	25	..
Wrigley (Wm., Jr.)	57¼	34½	76	54½	82¾	73¾	78½	*3

* Annual rate—not including extras. † Paid last year ‡ Paid this year.

American Water Works & Electric Co., Inc.

(*Continued from page 393*)

has received such dividends, that it must pay its own debenture and preferred holders before its own common can be paid anything, there is no question about the leverage possessed by American Water Works common.

It was the favorable operation of this leverage in the period of expanding demand for utility service after the War that moved the common stock of American Water Works & Electric from a low of $4 a share in 1921 to a high of $144 in 1924. The stock was then split five-for-one and the new stock moved to a high of $141 in 1927. Each of the new shares was then exchanged for two shares in a new company (the present one) and this stock went to a high of $199 a share at the height of the 1929 boom. Thus, a $400 investment made in 1921 was worth at one time $199,000—as a matter of fact it was worth somewhat more than this if one takes into consideration all the minor stock dividends that have been paid from time to time. Even at today's price of $22 a share, the $400 investment has a market value of $22,000.

It is not suggested that a current buyer of American Water Works & Electric common has any real chance of duplicating such a performance. This little piece of past history does serve, however, to bring out vividly the potentialities that exist for profit in a high leverage issue if it is bought under favorable conditions. It is frankly admitted, of course, that should the expected not materialize, the leverage in American Water Works will work just as devastatingly against a holder.

Fortunately, however, the things that could change the present bright outlook do not seem likely to take place. It is true that the present setting is an inflationary one; but prices of material and the cost of labor are still moving forward slower than the expansion in the demand for utility service and this should continue to be true until we are much further along the inflation road. Oppressive taxation continues, as always, a live threat; ultimately business which very decidedly includes the utilities will have to pay the bills now being run up. Taxes, however, show every sign of getting heavier only by degrees and they, too, for some time should be more than offset by increasing demand for utility service. Our opinion as to what is likely to happen to the political hindrance such as that embodied in the Public Utilities Act has been expressed already. Weighing the favorable factors against the unfavorable, it would seem that the favorable were much the stronger influence at the present time.

Answers to Inquiries

(*Continued from page 404*)

rus Erie Co. These activities tends to lessen the dependence of the company on equipment purchases by the railroads, although considering the dearth of the latter during recent years a tremendous pentup demand is being created which ultimately may be expected to accrue to the company's benefit.

CORN PRODUCTS REFINING CO.

What do you think of Corn Products Refining as an investment for the coming year? This company has not seen improvement comparable with other leaders—and I am undecided on the advisability of further holding.—S. E., Baltimore, Md.

While the earnings for 1935 of Corn Products Refining Co. may fall slightly short of the requirements necessary to cover the $3 dividend rate, it appears highly probable that the dividend rate will be continued notwithstanding. There are no bonds outstanding, and a relatively small amount of preferred stock. Moreover, an exceptionally strong financial position is reported and these factors together with the prospect of generally stable and improving earning power, give every reasonable assurance to the shareholders of continued dividends. During the past seven years net earnings have ranged from a peak in 1929 of over $15,000,000 to a low point in 1932 of $8,700,000 approximately. While earnings of this company are subject of course to a large extent to the influences which are common to business enterprises generally, there are certain factors which make for stability. Sales of packaged goods which constitute about one third of the total volume are fairly stable. Price levels in this department are also generally well maintained. However, profit margins in this part of the business are subject to changing price levels of corn. Rising prices very probably have had an adverse effect so far as this part of the business is concerned, and may to some extent be responsible for lower net earnings than might otherwise have been reported for the year 1935. The remainder of the sales are represented by bulk goods, products being sold to a wide variety of industries and also as stock feeds in the agricultural districts. Profit margins in this department are fairly uniform,

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BRIGGS MANUFACTURING COMPANY

Dividend on Common Stock

Directors of Briggs Manufacturing Company have declared a regular quarterly cash dividend of fifty cents ($.50) per share on the outstanding non-par value stock of the company, payable January 29, 1936, to stockholders of record at the close of business January 17, 1936.

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

January 10th, 1936.

THE Board of Directors on January 8th, 1936 declared a quarterly dividend of $1.62½ per share on the outstanding $6.50 Cumulative Preferred Stock of this Company, payable on the 15th day of February, 1936 to stockholders of record at the close of business on the 30th day of January, 1936. Checks will be mailed.

DAVID BERNSTEIN
Vice-President & Treasurer

CONTINENTAL CAN COMPANY, Inc.

A regular quarterly dividend of seventy-five cents (75¢) per share on the common stock of this Company has been declared payable February 15, 1936, to stockholders of record at the close of business January 25, 1936. Books will not close.

J. B. JEFFRESS, JR., Treasurer.

ALLIED CHEMICAL & DYE CORPORATION
61 Broadway, New York

December 31, 1935.

Allied Chemical & Dye Corporation has declared quarterly dividend No. 60 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable February 1, 1936, to common stockholders of record at the close of business January 10, 1936.

W. C. KING, *Secretary.*

since the sales price of bulk goods varies directly with the raw material costs. With further expansion in industrial activity, under sustained improvement in public purchasing power, a favorable influence on earning power of this company is certainly a reasonable expectation. A further interesting consideration in this connection, and one which may have an influence of increasing importance is found in the foreign investments of this company. These are directly in plants and properties of subsidiary companies. Due to the fact that the company reports only actual dividends received from these foreign subsidiaries, the true picture is not fully conveyed in the earnings figures. A large portion of earning power of these subsidiaries in the past has undoubtedly been used to further expand and improve these properties. These foreign subsidiaries enable Corn Products to compete in the foreign markets advantageously, permitting them to sell at lower price levels than would be possible if they depended upon domestic production of corn. Naturally these foreign investments constitute an admirable hedge against possible inflationary developments from the standpoint of the domestic stockholder. Showing a satisfactory return at current price levels, based on a dividend which in all probability will be maintained, and with a generally favorable outlook for further improvement, we suggest the advisability of retaining your holdings of this stock.

SOCONY-VACUUM OIL CO.

I am indeed pleased I held my Socony-Vacuum on your counsel when I wanted to sell at 11 last August. Today I have over 1 point profit in this issue, and I would like to have your opinion on the outlook for the early months of 1936.—E. I. P., Boston, Mass.

While no preliminary figures have been reported by the company itself—interim earnings reports are not released—in our opinion earnings of Socony-Vacuum Oil Co. for 1935 will compare favorably with those reported in 1934 when a net income of $24,437,440, equivalent to 78 cents a share on the capital stock was reported. The company, of course, is in an excellent financial position as reflected by the balance sheet—June 30, 1935—when cash and marketable securities amounted to over $33,000,000 whereas current liabilities were only $21,885,530, and total current assets were $140,074,005. The directors do not meet for dividend action until February but even now greater liberality is being talked of. Only recently this company closed a contract with the Russian Oil Trust for all of the kerosene which will be required in 1936 in the Near East. The amount involved has been estimated at roughly about 500,000 barrels and the price about $1,000,000. This latter, however, will depend very largely upon the quotation at delivery time. Along this line, incidentally it has been stated that for the last year, 1935, the Russians placed orders in this country for approximately $48,000,000 of products, and the Socony-Vacuum deal is the first that has been consummated for any specific time since the dissolution of the International Oil Conference in 1932. In the trade it is understood that this improvement in relations is distinctly advantageous inasmuch as it promotes a better business relationship between Socony-Vacuum and the Soviet Union. In spite of the unsettled conditions as far as gasoline is concerned we do anticipate a much better year for this company.

GENERAL RAILWAY SIGNAL CO.

Do you believe the uptrend lately seen in General Railway Signal will continue in 1936? What action, if any, would you advise me to take on 100 shares, on which I now have 8 points profit?—B. C. S., San Francisco, Calif.

The rise in the market price of General Railway Signal shares has been fairly consistent with the improvement in earning power to date. For the first nine months of 1935 the report showed net earnings equal to $1.27 a share. This compares with a deficit for the corresponding 1934 period of $1.45 a share. A forecast of continued strength marketwise for the shares will depend upon outlook for earnings for the new year, and in that regard the following factors are to be considered. General Railway Signal Co. manufactures train control systems, signal apparatus, car retarders and interlocking equipment. In the United States alone a potential field is seen in the fact that 45% of the railroad mileage of this country is equipped with the manual type of apparatus. The company also has important foreign outlets which undoubtedly will continue to add substantially to sales volume. Another, and a very important source of business is expected to materialize from replacements and deferred maintenance of equipment already installed. During the depression period the railroads very naturally cut down such expenditures to the lowest possible point. With increasing traffic volume directly resulting from improved conditions, increasing expenditures for equipment at this time is quite clearly in prospect. Especially is this so since this kind of equipment makes for added economy and efficiency of operations. General Railway Signal Co. holds a position of commanding importance in its field. Management efficiency permits an increased volume of business to be translated into higher net earning power and with a substantial volume of business in the new year well in view, there is a very excellent basis for forecast of a higher earnings period and consequent betterment in share prices.

AMERICAN CHAIN CO.

This past year brought me 17 points profit on my 200 shares of American Chain. Please give me your views on the 1936 outlook. What are the prospects for early resumption of dividends on the common stock?—W. R. T., Dayton, Ohio.

Although we cannot state definitely just when American Chain common stock will be again put on a dividend basis, nevertheless, we see no need for hasty liquidation of the shares now, despite the fine appreciation you have already enjoyed. Latest earnings figures are for the first six months of 1935 and amount to 83 cents a share on the common stock against an operating loss which amounted to 36 cents a share for the similar period of 1934. The company called for payment on May 24 of last year at 100 and interest the entire issue of its first collateral trust 6% bonds due April 1, 1938, and has been buying its preferred stock in the open market. Recently, the directors declared a dividend of $3.50 a share on the 7% preferred stock on account of accumulations, payable on January 1 to holders as of December 20, 1935. In October a dividend of $1.75 a share was paid on this issue on account of arrears. There is now left an amount of approximately $22 per share on the preferred and just as soon as this is paid off undoubtedly the company which has steadily increased its financial position will consider action on the common. For further information concerning this stock we refer you to the article by Edwin A. Barnes on page 394 of this issue.

CHASE NATIONAL BANK

With the recent improvement in Chase National Bank shares, I will appreciate your opinion on the advisability of maintaining a long position on a small bloc averaging 31. What do you think of its prospects in business recovery vs. the Administration's cheap-money policies?—B. R. U., New York, N. Y.

It is true that banking institutions have been somewhat restricted by low money rates and the dearth of demand by those in a position to obtain credit. However, even though we see little in the immediate outlook to indicate any marked change for the better in earn-

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ings of Chase National Bank, we see no reason to disturb your holdings at present reasonable quotations. Following further general improvement in the business situation earnings may be expected to support higher shares prices. As a matter of fact the Chase Bank in its statement of condition issued on December 31 reported large gains in deposits and total resources compared with the previous year. At that time the statement showed deposits were well in excess of $2,000,000,000 as against $1,600,000,000 as of December 31, 1934. Total resources amounted to $2,350,549,193 against $1,999,050,847 and the book value per common share at the end of 1935 amounted to $23.27 against $22.85 on December 31, 1934. Cash in the vault at the year-end amounted to $855,000,000 as against $514,000,000 a year ago, and U. S. Government securities amounted to $561,505,500 against $503,434,803. At current levels Chase Bank stock gives a very fair return, and considering the present conservative management the potential earning power of this bank justifies further retention of the shares in our opinion.

UNION CARBIDE & CARBON CO.

I am told that the big advances in 1936 will be in companies which have lagged in recovery to date. On this basis, I would like to know what I can look for in Union Carbide. Do you advise further retention of shares purchased at 48?—H. G. F., Boise, Idaho.

Your impression that the greatest advances in the new year may be expected in companies which have been laggard, contains an element of truth. Those companies which depend upon the heavy industries for a large measure of their sales, have thus far reflected only a small measure of improvement in earning power. The case of Union Carbide & Carbon illustrates the point very well. This company markets an important portion of its products through the steel industry, industrial machinery and equipment manufacturers, and railroads. While these industries are basic they are as a rule, tardy in reflecting widespread industrial recovery. It may reasonably be forecasted that a larger volume of business is in store in the coming months for Union Carbide, with a broadening of its market outlets. Moreover, with an expanding volume of business, in the case of this company, the margin of profit from operations may be expected to increase also because production costs and plant charges are to a large extent a fixed expense. Added to the prospect for greater volume from the old established customers, the development of new

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Capital, Surplus
and Undivided Profits
$168,144,278.85

Condensed Statement of Condition

as of December 31, 1935

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS

Cash, and Due from Banks and Bankers		$ 527,491,424.08
United States Government Obligations (Direct or Fully Guaranteed)		510,764,688.07
State and Municipal Bonds		94,211,140.28
Other Bonds and Securities		85,575,318.27
Loans, Discounts and Bankers' Acceptances		547,223,820.71
Customers' Liability Account of Acceptances		30,634,183.08
Stock in Federal Reserve Bank		4,725,000.00
Ownership of International Banking Corporation		8,000,000.00
Bank Premises		54,215,504.58
Items in Transit with Branches		10,670,332.44
Other Assets		7,168,438.88
Total		$1,880,679,850.39

LIABILITIES

Deposits		$1,652,366,244.42
Liability as Acceptor, Endorser or Maker on Acceptances and Bills	$57,444,516.65	
Less: Own Acceptances in Portfolio	13,386,796.20	44,057,720.45
Reserves for:		
Unearned Discount and Other Unearned Income		3,656,422.58
Interest, Taxes, Other Accrued Expenses, etc.		8,473,381.59
Dividends		
Preferred—To February 1, 1936		881,802.50
Common—To February 1, 1936		3,100,000.00
Capital		
Preferred	$50,000,000.00	
Common	77,500,000.00	
Surplus	30,000,000.00	
Undivided Profits	10,644,278.85	168,144,278.85
Total		$1,880,679,850.39

Figures of Foreign Branches are as of December 24, 1935

United States Government Obligations and other securities carried at $144,327,017.07 in the foregoing statement are deposited to secure public and trust deposits and for other purposes required by law.

fields and wider uses for the products of this company, especially in the "stainless steel" department, present an encouraging prospect for higher sales volume and higher earning power. The improvement in industrial activity to date, has not been without reflection in the report issued by this company. For the first nine months of 1935 earnings were equal to $1.88 a share, comparing with $1.51 a share for the corresponding 1934 period. With fourth quarter earnings added, the full year should show at least $2.60 a share for the common stock as compared with the $2.25 earned in 1934. Evidence of the financial strength of the company is indicated by the fact that over $4,527,300 of subsidiary bonds and preferred stocks were called for redemption at premiums during the year 1934. The history of the company, the conservatively managed and efficient operations, the dividend record and the financial strength all tend to give this stock a degree of investment dependability, and with major improvement from depression earnings apparently lying ahead, continued retention of your holdings is advised.

Allegheny Steel Co.

(*Continued from page* 374)

courage new entrants in the field.

Although not large by comparison with the recognized leaders in the domestic steel industry, this apparently has been no handicap to Allegheny Steel. In fact, the company was able to offer stiffer resistance to the adversities of general business depression than many other steel units. In only a single year—1932—did the company report an operating deficit; no lapse occurred in preferred dividends; and profitable operations were restored promptly in 1933, while many other industrial units were still "in the red." In these accomplishments, the company was aided by the compactness of its plant facilities and freedom from the necessity of supporting a heavy capitalization.

Capital structure is a simple one, being comprised of 33,426 shares of 7 per cent preferred stock and 610,695 shares of common stock. The company has no funded debt or bank loans. Plants are carried on the books at $20,511,000. While no balance sheet has been published since the one covering the 1934 year, it is safe to assume that the comfortable financial position shown at that time has been maintained. Current assets at the end of 1934 of $5,746,556 showed a ratio to current liabilities of 5.12 to 1.

Following peak earnings in 1929, equal to $5.05 a share on the common, net dropped to $2.25 a share in 1930 and in the next two years nothing was earned on the common stock. Earnings equal to 10 cents a share were shown in 1933, with the sharp upturn in 1934 carrying per-share earnings to 99 cents. In the first nine months of 1935 the company came within a few cents of earning as much on the common as in the entire 1934 year. Moreover, unfilled orders on the books at the beginning of the final quarter foreshadowed sustained operations and the probabilities are that profits for the full year will equal upwards of $1.10 a share for the common. Dividends were resumed on the common shares in August, 1934, with a 15-cent quarterly payment and were increased to 25 cents quarterly early in 1935. Not only is the latter rate adequately supported by earnings and finances, but it apparently is the policy of the company to pass increased earnings along promptly to stockholders and if this proves to be the case higher, or perhaps extra, dividends would seem clearly in order this year.

Affording an equity in a successful company in a rapidly-growing field, Allegheny Steel common stock would appear to have all the earmarks of a potentially profitable investment, both from the standpoint of income and price appreciation.

Chrysler Corp.

Price $88 Div. $1.50 Yield 1.7%

1935 High—93⅞ Low—31

Earnings Per Share	
1927-29 Average	$6.17
1932	Nil
1933	2.78
1934	2.19
1935 (est.)	7.00

It is a foregone conclusion that when the company's 1935 report is available, Chrysler Corp. will be shown to have experienced the best year in its history. Made in the face of exceptionally keen competition, this showing may well be viewed with pardonable pride by the company's management, and as a sound basis for a high degree of optimism with respect to the 1936 prospects. Although Ford and General Motors both accounted for a larger share of the automobile market last year than did Chrysler, the various models of the latter made up nearly 23 per cent of the total new car registrations in the first ten months of 1935, which placed the company so far ahead of its nearest competitor among the "independents" as to make its position as third ranking producer practically unassailable.

The most conservative estimates of 1936 output of automobiles concede a gain of 10 per cent over 1935, which will mean that some 4,500,000 cars will be placed on the market this year. The industry is already off to an auspicious start, following the innovation of introducing new models two months earlier, attended by unexpected success, and while these earlier sales may deprive the spring market of some of its former impetus, the higher sales goal which the industry has set for itself does not appear too ambitious. Such doubts as are cast upon the outlook at the present time originate in the used-car problem, which in some sections of the country is becoming acute. Several of the leading companies have already taken steps to relieve the situation and it is possible that when the used-car buying season reaches its peak several months hence, the surplus will be substantially reduced. Unless this phase of the situation attains really serious proportions, Chrysler Corp. has an excellent opportunity to outrun its 1935 achievements.

The expectations are that last year Chrysler earned close to $7 a share on its common stock, which would compare with $2.19 in 1934 and $7.03 in 1928, the previous peak. Several factors contributed to this greatly-improved showing. Of prime importance has been the improvement in the company's margin of profit over that of a year ago. Further, the redemption of all its funded debt last year resulted in an annual savings of more than $2,000,000, or about 50 cents a share. A bank loan of $25,000,000 was reduced to $5,000,000 by November 1, although net current assets decreased less than $9,000,000.

Doubtless the desire to conclude these financial operations account for the fact that dividends have failed to maintain the pace set by earnings and even allowing for the 75-cent payment declared late last year, total dividends amounted to only $1.50 a share, or less than 25 per cent of indicated earnings. This year, however, should tell a different story, with payments likely to be decidedly more liberal. The 4,332,326 shares of stock now comprise the entire capitalization, while current assets, including nearly $54,000,000 in cash items, totaled $87,644,936 and current liabilities, $26,989,162, at the end of last September.

At 88, the shares are selling only about 12 times indicated earnings for last year, an exceptionally low ratio considering the market leadership and wide following frequently accredited to them. This may be largely explained by the late dividend policy, for at the present time, at least, there appears nothing in the situation which would inspire any greater measure of uncertainty than would be true of any

industrial enterprise at this stage of the economic cycle. As an equity, therefore, in one of the leading and consistently successful companies in a vital industry—a company dominated by sound and aggressive managerial policies, equipped with efficient manufacturing facilities, and a strong sales organization — Chrysler Corp. shares offer a genuine investment opportunity.

Loew's, Inc.

Price $55	Div. $2.50 (incl. extras)	Yield 4.5%
1935 High—55⅛		Low—31¼

Earnings Per Share

1927-1929 Average	$6.75
1932	4.80
1933	2.15
1934	4.50
1935	4.49

Attendance at the "movies" has been experiencing a gradual but persistent upturn over the past year with gains ranging from 10 to 20 per cent. This trend has been stimulated, on the one hand, by a noticeable improvement in the quality of feature releases and, on the other, by increased employment and purchasing power. Larger box-office returns are important from producers' standpoint for many film rental contracts are based upon a percentage of gross receipts. It naturally follows that "hit" pictures spell greater returns for the producer and exhibitor, alike.

Loew's, Inc., through its producing subsidiary, Metro-Goldwyn-Mayer, has been outstanding in its ability to correctly gauge public tastes. There is no other company in the industry which has consistently had more successful productions to its credit. Moreover, the company distinguished itself by the foresight of its management in refraining from the competitive and costly acquisition of theaters just prior to the depression, and which led about half of the industry into financial difficulties. Loew's, Inc., at the present time owns less than 200 theaters, all concentrated in important metropolitan areas. Managerial sagacity expressing itself in skillful showmanship and sound financial policies carried the company handily through the depression, with profits which averaged $4.50 a share annually on the common stock from 1931 to 1935, inclusive.

For the fiscal year ended August 31, last, Loew's, Inc., earned the equivalent of $4.49 a share on its common stock, practically the same as in the 1934 fiscal period. Dividends including a 50-cent extra totaled $2.50 a share last year. The company's latest balance

Guaranty Trust Company of New York

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LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, December 31, 1935

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers		$ 620,600,525.90
Bullion Abroad and in Transit		14,960,217.00
U. S. Government Obligations		474,466,017.17
Public Securities		49,281,788.62
Stock of the Federal Reserve Bank		7,800,000.00
Other Securities		23,825,671.21
Loans and Bills Purchased		592,238,793.76
Items in Transit with Foreign Branches		2,112,677.12
Credits Granted on Acceptances		37,352,025.40
Bank Buildings		13,547,352.39
Other Real Estate		337,581.50
Real Estate Bonds and Mortgages		2,990,698.74
Accrued Interest and Accounts Receivable		7,920,513.65
		$1,847,433,862.46

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	7,398,411.72	
		$ 267,398,411.72
Dividend Payable January 2, 1936		2,700,000.00
Accrued Interest, Miscellaneous Accounts Payable, Accrued Taxes, etc.		15,076,421.38
Acceptances	$71,334,590.24	
Less: Own Acceptances held for Investment	33,982,564.84	
		37,352,025.40
Liability as Endorser on Acceptances and Foreign Bills		8,840,400.00
Agreements to Repurchase Securities Sold		2,135,441.00
Deposits	$1,485,303,641.18	
Outstanding Checks	28,627,521.78	
		1,513,931,162.96
		$1,847,433,862.46

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EUGENE W. STETSON, Vice-President

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MORE BUSINESS... BUT LESS REVENUE

Aggressive merchandising activities and improved industrial conditions have resulted in a greater use of electricity than ever before by customers of the Associated System. The average domestic customer used 31 kilowatt hours more in the first ten months of 1935 than for the same period of 1934. Electric output increased over 6 per cent, and gas output over 4 per cent for this ten months period over 1934.

Nevertheless, net revenue is less, due to increased taxes, rate cuts and the higher cost of doing business. Taxes have increased 65 per cent from 1930 to 1934. Operating expenses including fuel costs for the twelve months period ending October 31, 1935, were 7.4 per cent higher than the same period in 1934. Accounting and legal expenses necessary to comply with new Federal and State regulations will mean increased expenditures.

To offset these drains on revenue, even more aggressive merchandising activities will be put into effect in 1936.

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KINGS COUNTY TRUST COMPANY

Borough of BROOKLYN **342, 344 and 346 FULTON STREET**

Statement at the close of business Dec. 31, 1935

CAPITAL..$500,000.00 SURPLUS..$6,000,000.00 UNDIVIDED PROFIT..$53,000.00

RESOURCES	
Cash on Hand	$2,473,884.16
Cash in Banks	10,605,655.72
U. S. Government Bonds	9,094,790.79
N. Y. State and City Bonds	3,687,242.66
Other Bonds	6,730,000.10
Stocks	1,187,155.30
Bonds and Mortgages	2,083,237.41
Loans on Collateral, Demand and Time	4,743,293.84
Bills Purchased	1,379,260.62
Real Estate	1,081,621.35
Other Assets	432,527.84
	$43,498,669.79

LIABILITIES	
Capital	$500,000.00
Surplus	6,000,000.00
Undivided Profits	53,967.18
Due Depositors	36,513,204.22
Checks Certified	58,424.04
Rebate on Loans and Bills Purchased	9,651.03
Reserves for Taxes, Expenses and Contingencies	322,486.09
Officers' Checks Outstanding	40,937.23
	$43,498,669.79

The Kings County Trust Company offers to its depositors every facility and accommodation known to modern banking. If you are not already availing yourself of the advantages offered by this Institution, the Kings County Trust Company will be glad to have you open an account.

sheet revealed an excellent financial position. Current assets, including cash items of more than $7,000,000, totaled nearly $43,000,000, while current liabilities were only $9,115,910. Total funded debt amounted to $26,635,887. There are 136,722 shares of 6½ per cent preferred stock outstanding and 1,490,095 shares of common stock. The nature of this capital set-up is such that considerable leverage is imparted to the common stock.

Normally, the November quarter is one of the best in the motion picture industry, but for Loew's, Inc., it is probable that earnings were not much, if any, higher than in the preceding one. The company follows the policy of writing off 50 per cent of the cost of feature productions in the first twelve weeks after they are released and amortization charges on several costly productions will be absorbed in the first quarter of the current fiscal year. This, however, should presage more effective results in subsequent months as the earnings from these releases are more fully reflected. "A Tale of Two Cities" recently released by the company, as well as "Mutiny on the Bounty," should contribute substantially to current earnings.

Loew's, Inc., common stock combines a measure of investment merit on a straight income basis with interesting speculative possibilities for price appreciation. At 55, the shares are conservatively valued, while both late and potential earnings would readily permit a higher dividend.

Significant Foreign Events

(*Continued from page* 383)

Taking all of these varied forces into consideration, one might hazard a horoscope for 1936 in which the salient features would be a slow but persistent advance in international trade, despite widespread nationalism and the neutrality isolation of the United States. No decisive showdown on the stabilization issue is expected even though one or more gold bloc countries are forced to abandon the gold standard during the months to come. No outbreak of major hostilities seems likely at this juncture. Nevertheless, air, naval construction and general rearmament will proceed in all countries at an accelerated pace. Despite Europe's reception of Roosevelt's condemnation of autocracy as inconsistent, the various dictatorships will no doubt enter their final phase of supremacy before 1936 closes, and will continue to plunder honest merchantmen with their pirate ships of state.

"Operating" On a Continent

(*Continued from page 377*)

Federal and local cost of about $40,000,000.

The hideous destruction of agricultural land by the erosive forces of wind and water have been challenged to battle. Mostly under the direction of the Soil Conservation Division of the Department of Agriculture, the colossal task has been undertaken of stopping further avoidable erosion of 50,000,000 acres of ruined land and as far as is humanly possible further ruin of land by unharnessed water flow, throughout the country. In the Northwest and the Southwest, war has been declared on the winds and a beginning has been made of the momentous work of defeating the dust storms which are carrying off the fertile topsoil.

Already innumerable dams, dikes canals and stream diversions have been built to restrain destructive waters, thousands of channels have been cleared, a million acres, of cut-over land particularly, have been cleared of debris or planted to forests, and thousands of reservoirs have been created. Thousands of farms are being bought and abandoned to the wild. Lakes and marshes are being restored and some ten million acres of land are being returned to wilderness and wild life. Millions of acres of land—the ultimate goal is 223,000,000—are being purchased and turned over to forest reservations. The forests have been crisscrossed with fire lanes, roads and trails, the forest shelter belt is rising on the great plains from Texas to Canada. Not less than 500,000 people will be removed from their purchased barren farms and placed where they can earn their living without destroying the land or preventing its best use.

The greatest single physical rehabilitation project is that of the Tennessee Valley Authority, which is attempting to do almost everything in the way of physical and social reclamation of the entire valley of the Tennessee River (77,000 square miles), including flood control, power development, navigation improvement and extension, soil reclamation, erosion checking, reforestation, economic rehabilitation, etc.

There has been nothing like this present wholesale disciplining, correction, improvement and subjection of nature within a brief time since the world began. The engineering of a continent has symbolized the nation's grim struggle against unponderable economic evils. All of the great projects will be so far advanced by the end of the present Administration that even

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8.89	60	7.99
10.36	65	9.15
12.34	70	10.71
15.07	75	12.82
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MARKET STATISTICS

	N. Y. Times	—Dow, Jones Avgs.—		N. Y. Stocks —50 Stocks—		
	40 Bonds	30 Indus.	20 Rails	High	Low	Sales
Monday, December 30	83.62	143.00	40.02	112.30	111.32	1,627,050
Tuesday, December 31	84.03	144.13	40.48	113.38	112.04	2,439,935
Wednesday, January 1	HOLIDAY—EXCHANGE CLOSED					
Thursday, January 2	84.37	144.13	40.66	113.79	112.48	2,241,400
Friday, January 3	84.66	144.69	41.48	114.29	112.98	2,831,410
Saturday, January 4	84.91	144.08	42.14	114.56	113.46	1,592,400
Monday, January 6	84.72	143.11	41.43	114.48	111.90	3,731,590
Tuesday, January 7	85.11	144.92	42.44	114.24	112.17	3,083,780
Wednesday, January 8	85.34	146.16	42.55	115.91	113.86	3,525,590
Thursday, January 9	85.36	145.66	42.55	116.04	114.06	2,995,910
Friday, January 10	85.71	147.08	42.70	116.31	114.95	3,270,870
Saturday, January 11	85.74	146.73	42.68	116.78	115.71	1,641,050

if it is not retained in power their completion will be inevitable. Nothing but a great national crisis could have plunged the nation into such a stupendous program of public conservation of natural resources and the concurrent task of multitudinous building. Every cloud has a silver lining and one such lining, at least, of the billions that have been poured out in these frantic years is the safeguarding of the resources upon which the nation rests.

Opportunities in Stocks on the New York Curb

(*Continued from page* 398)

side of the ledger since 1931, and indicated that the period of bad business was giving way to one in which profits again would be shown. The record of the company prior to the lean years has been an excellent one, and with reported improvement in 1935, and a better outlook ahead, the speculative possibilities of the Class "A" stock, which is the only one in which the general public is interested may attain greater proportions.

Neptune is one of the largest manufacturers of water meters, sold under the trade name "Trident." It is reported that nearly 6,000,000 of its meters are now in service. While sales are made to householders, about 90% of the company's business is with municipalities and with public utility companies. The company also is the largest maker of gasoline meters for pumps and makes a line of meters for measuring liquids.

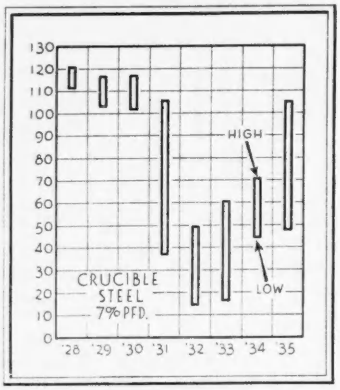
With the increase in automobile sales, the company's gasoline pump business may continue to swing upward. Not much can be expected, in additional business from municipalities, but demand from the utility companies may be regarded as a possibility which may serve to give more attraction to the Class "A" stock.

Crucible Steel Co. of America

(*Continued from page* 395)

medium. Under normal industrial conditions, the company's earnings provided a generous margin of safety for preferred dividends and, being noncallable, the shares usually sold on a low-yield basis. As late as 1930, earnings available for preferred dividends were equal to more than $16 a share and in that year the shares sold at 117.

Although not large by contrast with other leading steel units, annual capacity being less than 1% of United States Steel's, Crucible Steel is, nevertheless, an important factor in its own right. The company is credited with being the leading manufacturer of high-speed and tool steels; it is one of the leading producers of crucible steels; and output includes a variety of alloy and special-purpose steels, a branch of the



industry which has been gaining steadily in importance. Owing to the large percentage of bars in the company's output, it is frequently referred to as a producer of heavy steel but a considerable portion of this production eventually finds its way into many of the lighter forms of alloy steel. Among Crucible's customers are included makers of tools and machinery, aviation, automobile, agricultural equipment, oil, mining and household equipment industries.

Despite the company's freedom from dependence upon a single industry, in the three years prior to 1934, losses aggregated about $6,000,000. Finances, however, were well safeguarded and a $2,000,000 bank loan made in 1931 has since been paid off. In 1934, the company showed a small profit after fixed charges, equal to 30 cents a share on the preferred stock. Last year, the upturn in earnings appeared to have attained more impressive proportions. Although no quarterly statements are issued, net income in the first six months was equal to $1.83 a share on the 250,000 shares of preferred stock. With the sustained activity in the steel industry throughout the last half of 1935, results for the company undoubtedly were appreciably better than in the same period of 1934. Not only is this suggested by the resumption of preferred dividends but by the redemption of $2,500,000 of 5% debentures on November 1, last.

It has been officially stated that the improvement in the company's earnings last year was chiefly due to the upturn in the machine tool and automobile industries. The oil industry has also been an important consumer of the company's products, while such industries as the chemical, textile, railroad and electrical equipment were regarded as offering promise of increased business.

Crucible also may be included among those companies which would derive important benefits should the Government embark upon a naval construction program.

In addition to the preferred shares, capitalization is comprised of $10,000,000 funded debt and 450,000 shares of common stock. At the mid-year, current assets, including nearly $3,000,000 in cash, totaled $18,260,589, while current liabilities were less than $2,500,000.

Selling at 103, Crucible Steel 7% preferred would have to pay no more than $6 a share in 1936, to justify the purchase of the shares, purely on an income basis. The chances are, however, that the shares may pay the full $7 rate and even something against accumulations. With this speculative background, the possibilities for both a generous yield and price appreciation are distinctively interesting.

Missouri-Kansas-Texas

(*Continued from page* 391)

December were about $2,450,000, an increase of 24% over December, 1934. For both November and October the increase was around 27% over the respective periods of the previous year.

Operating revenues for 1935—eleven months actual and December mostly estimated—were close to $27,400,000, an increase of probably more than $1,000,000 over 1934. The deficit after fixed charges for last year was around $1,928,000, compared with $2,111,258 for the previous year. The comparison would have been much more in favor of 1935 except for unfavorable business and railroad traffic conditions in the southwest during the greater part of the first six months of the period and drought and floods, that cost the MKT $500,000. Altogether these factors put the operating revenues of MKT $1,200,000 behind the same period of the previous year.

When that company obtained a loan of $2,300,000 from the R F C late in May, 1935, its cash was down to approximately $1,500,000. Mr. Sloan told me that on December 31, last, it had risen to around $6,000,000. After meeting fixed charges on July 1 of this year, amounting to $1,458,000, Mr. Sloan estimates that the cash item will stand at $4,300,000 in round figures. From then on till November 30 he predicts a further rapid expansion, so that on that date the amount will be practically $8,000,000.

These figures are based on estimated operating revenues for this year of $31,000,000. An increase of 21% is calculated for January, with varying gains for the next few months, and

with 22% in June and an average increase of 13.4% for the year. During 1935 over 200 new industries were located on MKT lines, the largest number for three years. These industries will give employment to 1,500 persons and, it is expected, will add 18,500 cars of traffic annually to the company's business. Mr. Sloan is of the opinion that while cotton growers may get lower prices for their product, as a result of the Supreme Court decision in the A A A case, the railroads that carry cotton, of which MKT is one, will have a larger quantity to haul.

He is particularly encouraged over the fact that the increased volume of freight traffic that developed for the MKT during the last few months of 1935 is being carried over to the present year. For the first four loading days of January 569 more cars of revenue freight were handled than for the same period of last year, an average daily increase of 142 cars. On January 6, loadings reached 1,562 cars, a particularly good day.

"Cash in the box is what counts," many railway executives are wont to say. For the first three days of January receipts from agents and conductors on MKT lines showed an average daily increase of $21,600 over the corresponding days of 1935.

Mr. Sloan is considering the advisability of paying off this year $1,000,000 of the $2,300,000 R F C loan, the company's only short term debt outstanding. There is little probability of any part of the accumulation on the adjustment bonds, of $678,578 to December 31, last, or of the accumulation on the preferred stock of 29¾%, or $19,844,350, being paid or refunded during the current year.

It is evident from the foregoing that the MKT is in a strong financial position, with the possibility of considerably better earnings this year than last. It had a sound reorganization in 1922 and is not burdened with a top-heavy capital structure. The latter would be improved considerably if the adjustment bonds were to be gotten out of the way. This, undoubtedly, will come in due time. The lines of the road are favorably located for traffic and Mr. Sloan thinks that the outlook for a much better wheat movement than last year, and for several years, is particularly bright, and that traffic otherwise will increase to the extent he has already indicated.

The sharp advance recently in MKT bonds has reflected the improvement in the earnings during the latter half of last year and the still further improvement confidently looked for this year. Shrewd and discriminating investors would do well to make a particularly careful study of this company and its securities.

The Magazine of Wall Street's Common Stock Price Index

(Continued from page 400)

manufacturers, formerly included in the "Construction" group have been moved to the "Electric Apparatus" group and the latter group re-named, "Machinery." Eleven years ago, when the Index was first assembled, the Construction group went under the title, "Capital goods"; but this was so far in advance of the recent depression which has served to popularize the meaning of "Capital goods" that the title in later years was changed to "Construction and Building Material." Meanwhile, however, the capital goods idea was maintained in principle, though not in name, by retaining machinery stocks in the group along with the issues of companies engaged in construction and in the production of building material. This year, owing to the stimulus which the machinery industry seems likely to receive from higher labor costs necessitated by the Social Securities Act, it was decided to combine all machinery, electrical and otherwise, into a single group —leaving the construction group to include only those issues of which the title is fully descriptive. These changes will have no effect upon the continuity of the Combined Average, and practically no effect upon the continuity of the Construction group; but have necessitated recalculation of the high, low and closing indexes for the new Machinery group as of 1935. Thus the low for the new Machinery group in 1935 would have been five points below the published low for the old Electric Apparatus Group, while the high and closing index for the new Machinery group in 1935 would have been about thirty points beneath the corresponding published figures for the old Electric Apparatus group. These revised figures for 1935, will be shown hereafter in the regularly published Price Index tabulation, in order to facilitate comparison of current indexes with last year's record.

By way of anticipating a rather frequent inquiry from our readers, it should be noted that, while the Combined Average is in fact made up of 295 stocks this year, you will obtain only 281 by adding the number of issues in sub-groups published regularly. The missing 14 issues are concealed in the two groups, "Carbon and Natural Gas" and "Unclassified," which space limitations prevent us from publishing regularly.

The accompanying tabulation of closing indexes (fractions omitted) for the past ten years affords a comprehensive and instructive panorama of market his-

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tory during the period covered. The two most striking characteristics of this record are the universality with which stocks (with notable exception of the gold mining group) succumbed to the great bear market, and the startling irregularity with which they have since participated in such recovery as has thus far been achieved by the Combined Average.

Measured in percentages, many of the groups which fell most during the depression have staged truly phenomenal recoveries; but are still considerably below 1925 closing prices (100). Six groups—Bottles, Cans, Carbon, Finance Companies, Liquor and Variety Stores—rang up the highest closing record for any year since we have been computing the Index. The most startling recovery was witnessed in the shipbuild group which, spurred by world-wide agitation for greater armaments and the obsolescence of merchant ships, has increased more than ten-fold during the past three years. A few industries, notably Baking and Tires, owing to intense competition, have remained chronically sick for the past eight or nine years.

Obviously it will well repay investors to study long range industrial trends and rearrange their portfolios accordingly. New Deal, or Old Deal, fresh investment opportunities for the discerning will continue to open up in the future as they have in the past—so long as there are stocks and bonds to buy and sell.

Why "Recovery" Has Not Solved Unemployment

(*Continued from page* 376)

workers. Thus, the wide discrepancy between the estimated figure of 9,000,000 to 11,000,000 unemployed and the figure of 3,500,000 employables on relief suggests a distinct possibility that the prevailing unemployment estimates may be several millions too high. Moreover, if we further deduct 3,000,000 as the normal or floating pool of unemployment—a figure which W P A claims prevailed in March, 1929—it is quite possible that our emergency problem boils down to somewhere between 4,000,000 and 7,000,000 employable persons out of work, or between 9 and 14 per cent of the total number of persons gainfully occupied under normal economic conditions.

There remains to be considered the technological aspect of the problem. Obviously, the use of machinery did not begin with the depression. The only intelligent method of appraising the results of mechanization is to examine the record of per capita employment over a long period of years. Between 1890 and 1930 our population nearly doubled, the installed horsepower in manufacturing industry increased by 400 per cent and the percentage of the population gainfully occupied increased from 36.1 per cent to 39.8 per cent.

To review a more recent period, Department of Commerce figures covering approximately 200,000 manufacturing concerns show that between 1923 and 1929 installed horsepower increased by nearly 30 per cent and number of wage earners increased from 8,778,000 to 8,838,000. While employment in these plants did not keep pace with population growth during those seven years, an increase of about one-sixth in value of manufactures, due largely to mechanical and technical advances, swelled the national income and thus permitted the normal increment in population to find gainful occupation in non-manufacturing activities.

Only one more simple observation—requiring no statistics, since it will be accepted by the reader on only a moment's thought—is needed to finish laying the ghost of "technological unemployment"—namely, that by far the largest single group of the unemployed are construction workers, as shown by the W P A reports cited above. Construction is the least mechanized of all important industries, the one industry least changed by the machine age. Conversely, employment is at relatively high levels in the manufacture of automobiles, chemicals, textiles and in printing and publishing—all highly mechanized.

In the generation preceding the depression or between 1910 and 1930, the most significant occupational shift that occurred was in agriculture, and it is not commonly realized how important a part this plays in the current problem of unemployment. During that period the population increased 28 per cent, but the number of persons gainfully occupied in agriculture declined by 15.4 per cent, or from 12,388,000 to 10,471,000. This can only be accounted for by the combination of mechanization and concentration of increasing farm production into fewer hands—two complaints that our reformer-politicians often level at the industrial system but never at farming!

Meanwhile, in the same generation, the number of persons engaged in manufacturing and mechanical industries increased by 32 per cent, or slightly more than the rate of population gain; the number engaged in trade increased by 67 per cent; those in the professions by 90 per cent; clerical workers by 134 per cent; domestic and personal service by 32 per cent; and transportation and communication by 44 per cent.

In summary, abnormal unemployment is almost certainly substantially less than the current estimates of 9,000,000 to 11,000,000 persons. Mechanization has very little to do with the problem. The percentage of skilled workers unemployed is very small. The heart of the problem centers in four groups—construction workers, farm labor, domestic and personal service workers and young people who have reached working age during the depression.

It is a social and economic problem of the first rank, but only partly an industrial problem. Therefore, coercive measures applied to industry could not possibly attain the objective of normal re-employment and, if tried further, are foredoomed to failure. The answer is a full recovery in every branch of an economic organization which always supplied far more work outside of industry than in it.

Port Authority Bonds as Investments

(*Continued from page* 385)

lished for permitting the Authority to continue maintaining its technical and other excellencies.

The possibility of firming money rates is not a near-term prospect; the Government is still pursuing an easy money policy both directly and indirectly, and there is still a mountain of surplus funds seeking investment. At the same time, it cannot be denied that a sharp upturn in the "hire" of money would, *if* it came about, throw a monkey wrench into the Authority's refunding schemes and would result in a costlier overhead in the way of fixed charges for projects for which money still has to be raised. Thus, it might be surmised, unless other offsetting influences became effective, that a period of firm money not only would impair the market price of the existing issues of Port Authority bonds as it would with all bonds, but might, to a more than ordinary extent, impair their standing. As has been said, however, the likelihood of a sharp upturn in interest rates does not seem likely over the next year or two.

The inflationary influence on the Port of New York Authority's bonds will be no different in its effects than upon any other bonds. We live, of course, in an inflationary setting as a result of the Government's constant deficits. For the individual who wishes to maintain in the future the purchasing power of his income and principal, this is the serious drawback to all bonds at the present time. Nevertheless, every investor should hold some bonds for their marketability in the event of a personal emergency and for the sta-

bility of money income they afford. And the Port of New York Authority obligations could well constitute a part of such bond holdings.

Chemistry Opens New Era for Agriculture and Industry

(*Continued from page* 381)

Almost, may it be said, that, for every dollar the farmer earns, he has another dollar taken from him by enemies against which he must wage ceaseless war. Any substantial reduction in that loss could mean two things —a greater return to the grower for his labor, and a lower price to the consumer. Lower prices on farm products, in turn, should lead to greater consumption both by factory and the human stomach. In the prosperous year of 1929, according to studies made for the Brookings Institution, an impartial scientific fact-finding agency, almost three-fourths of our non-farm population lacked the means to provide itself with an adequate diet at minimum cost, and ninety per cent of those not living on farms were unable to afford the food they would have liked, classed as a liberal diet. Twelve per cent of these families were merely subsisting on enough food to keep them alive.

By no means are we producing all the food we need. There is merely an overproduction of food that consumers can buy at existing price levels. At the same time price is a prohibiting barrier to the industrial use of many farm by-products. The quantity of cornstalks and straws annually produced in this country is several times that required to make all the paper and paper board now manufactured here, and there is no particular technological difficulty in making paper of various kinds from any of these materials. However, it is now cheaper to buy Canadian wood-pulp and rags from France, Japan, and elsewhere.

American industry wants to buy from the American farmer because it knows that the farmer, with money, will buy more from industry. But if farm products and by-products are to be consumed to the maximum they must become cheaper. If they are to become cheaper, farming must become more efficient and be relieved of at least a portion of its tremendous losses. So, taking this long-range view, such great corporations as Standard Oil, Ford, du Pont, International Harvester, and others are today making the farmers' problems their own.

And again, perhaps, the most important new factor in the situation is

Allied Chemical & Dye Corporation
61 Broadway, New York

Notice of Redemption of Preferred Stock

To the Preferred Stockholders: January 7, 1936.

Notice is hereby given that in accordance with the right reserved in its Certificate of Incorporation and pursuant to resolutions duly adopted by the Board of Directors of the Corporation on January 7, 1936, Allied Chemical & Dye Corporation has elected to redeem and will redeem on February 14, 1936, all of the presently issued and outstanding preferred stock of the Corporation at the price specified in the Certificate of Incorporation, namely, $120. per share plus dividend accrued on preferred stock to the date of redemption, amounting to $.855 per share, or a total redemption price of $120.855 per share.

Holders of preferred stock are notified to surrender their certificates for redemption to Guaranty Trust Company of New York, Agent, Corporate Trust Department, 140 Broadway, New York, N. Y., on or after February 14, 1936, at which time and place payment will be made of said redemption price to holders of preferred stock upon surrender of the certificates for such stock in due form.

In the event check for the redemption price is to be issued to someone other than the registered holder of a certificate surrendered for redemption, such certificate must be properly endorsed, with the signature witnessed and guaranteed by a bank (other than a savings bank) or trust company having an office or correspondent in the City of New York, or by a firm of brokers having membership in the New York Stock Exchange or the Clearing House of the New York Curb Exchange; and appropriate transfer tax stamps should be affixed to said certificates when surrendered.

No transfer of preferred stock will be made on or after February 14, 1936.

From and after February 14, 1936, all dividends shall cease to accrue on the preferred stock of the Corporation, and all rights of the holders of the preferred stock shall cease and determine, excepting only the right to receive said redemption price without interest upon surrender of the certificates as above stated.

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New York Curb Exchange

Active Issues

Quotations as of Recent Date

Name and Dividend	1935 Price Range High	Low	Recent Price
Alum. Co. of Amer.	95	32	90½
Amer. Cyanamid B (.60)	30	15	33¼
Amer. Gas & Elec. (1.40)	42½	16⅝	38¼
Amer. Lt. & Tr. (1.20)	19	7⅝	18¾
Amer. Superpower	3¼	½	3
Assoc. Gas Elec. "A"	2	¼	1
Atlas Corp. (†.30)	14	7⅜	13⅛
Cities Service	3¼	¾	3⅜
Cities Service Pfd.	47¼	6⅛	43
Commonwealth Edison (4)	98¾	47¼	102
Consol. Gas Balt. (3.60)	90	52⅝	85
Cord Corp	5⅜	2⅛	7¼
Crane Co	27⅜	7	27⅞
Creole Petroleum (†.20)	23¾	10	20⅜
Elec. Bond & Share	20⅜	3½	17½
Elec. Bond & Share Pfd. (6)	78½	37½	74¾
Elec. Pr. Assoc. A	10½	2¼	10¾
Fisk Rubber	11¼	4½	7
Ford Mot. of Can. "A" (†.50)	32⅛	23⅜	25¾
Ford Motor, Ltd. (†.10)	9¼	7⅛	8⅞

Name and Dividend	1935 Price Range High	Low	Recent Price
General Tire	89¾	34⅞	83½
Glen Alden Coal (*1)	24	13⅝	15⅞
Gulf Oil of Pa	74¾	50¼	78⅞
Hudson Bay M. & S. (1)	24⅛	11½	24¼
Humble Oil (1)	64	44	64⅜
Imperial Oil (*.50)	22½	15⅞	20⅞
Lake Shore Mines (*2)	58	45⅜	53
National Sugar Ref. (2)	35	21	23½
Niagara Hudson Power	10⅝	2½	9¼
Novadel-Agene (2)	40⅞	18¾	38
Pan-Amer. Airways (1)	49½	36	47
Pepperel Mfg. (3)	89½	52¾	69½
Pitts. Pl. Glass (2)	99⅞	46¾	99⅜
Sherwin-Williams (4)	128⅞	84	125¼
South Penn Oil (1.60)	34½	21⅝	34½
United Lt. & Pwr. A	3⅝	⅝	4½
United Shoe Mach. (*2½)	88½	70	85

* Annual rate—not including extras.

† Paid last year.

the industrial research chemist, backed by all the resources of almost unlimited capital, working with equipment superior to any before available, and with a half-lifetime of successful experience with similar problems in his own industry. New insecticides, new fertilizers, new methods of combating plant disease, more economical methods of production on farms, all designed to cut the huge farm loss, are today the subject of intensive inquiry in industrial laboratories. The shock-troops of industry have been sent to the farm front—and standing elbow to elbow with them there is an army.

The Scientific Attack

An enormous army, judged by the weight of its talent—an army of skilled and practically experienced men such as has never before been assembled for the scientific assault upon a problem in the nation's history. Entirely apart from what is being spent by industrial corporations on agricultural and kindred research, an amount that is considerable in itself, the states and the Federal Government are now spending in excess of $25,000,000 yearly. In addition to this, a huge sum is being expended by our colleges and private research foundations. Projects for soil erosion prevention, flood control, drainage and irrigation, land clearance, and what not have become Gargantuan in size. The effort has become that of a major national war, with even the man on the street discussing with more or less intelligence the "farm problem."

Onto our farms, too, has been moving a new type of farmer—college trained, fully alive to the difficulties inherent in his job and confident of his own ability and resourcefulness to cope with them. He is not wedded to tradition—on the contrary he is itching to blaze new trails. The "hick" is vanishing from the farm—the very stringencies that make the farmer's lot economically unpleasant are weeding out the incompetent and the unfit. It is a slow and a painful process, many are being hurt by it and more will be, but each year the brain efficiency of the American farmer is being pushed up a notch to a higher level.

These, then, are the factors of change. A new and all-embracing organic chemical industry has been established with one foot in industry and the other in agriculture. The research laboratories of big business have been joined with an unparalleled array of scientific talent from state, college and private agencies. New pioneers have come to the land, and government, backed by the resources of the nation, is making the farm its Problem No. 1.

If these new factors do not spell a new agricultural industry within the next generation, then the past is no longer of any significance in charting the future.

This new agriculture may be something very different from the agriculture we have known. The crops of today may not be those of tomorrow. For example, sugar that is said to be far superior to cane and beet sugar can be produced from the common dahlia and the readily grown Jerusalem artichoke. We are only beginning to learn about proper diet; what is now a common weed may be tomorrow's wheat crop; initial phases of the processing of certain raw materials that go into

manufacturing may be transferred to the farm and further mechanize it beyond present dreams.

Large scale use of farm products in manufacturing may even mean the concentration of certain crops in certain areas, not only best adapted to the growing of those crops but to simplify their orderly assembly and transportation to the factory. Some of the most formidable problems involved in the industrial use of crops are engineering problems, purely and simply.

No, the golden era of agriculture is not behind. Already the rooster of change is crowing in another and a better day.

Happening in Washington

(*Continued from page 369*)

often visualized himself as the paladin of the "peepul" in mortal combat with entrenched wealth. And when in his speech the President remarked that Jackson fought for social justice and human rights, to protect the people against "autocratic or oligarchic aggression" against "an overwhelming proportion of the material power of the country," he doubtless imagined more of imitating Jackson than he spoke.

Read the Jackson Day speech if you have any doubt that the coming political campaign is to take the guise of a holy war of the "have's" against the "haven't's", of the lowly against the mighty. If the idea takes fire the straw votes will tell another tale than they are telling now. The fortunate people have the money but in votes they are poverty-stricken. Don't allow yourself to get the impression that the campaign will be a walkaway for the Republicans.

My judgment is that the chances favor Roosevelt. Jackson got a second term, didn't he? The A A A rejection by the Supreme Court may be a blessing in disguise for the President. It is full of dynamite. Note that the President refers to the "two" opinions of the Court as among the most momentous ever rendered. I have found it necessary to devote a separate article to a summary review of the decision and its implications (page 365).

Silver secrecy—Mr. Morgenthau's communique on the session of Treasury representatives with the delegation of the Mexican Ministry of Finance studiously avoided even mentioning what the conference was about, although everybody knew that the Mexicans came to beg to be saved from the chaos our silver policy has brought to them.

The subject of greater use of silver as money was discussed, and the Mexicans are said to have gone home satisfied that if the Roosevelt Administration lasts long enough silver will once again be a benign king of Mexican economy and finance.

A A A Decision Has Broad Effect on Government, Business, Industries, Taxation and Agriculture

(*Continued from page 365*)

ing establishments, biscuit manufacturers, foodstuff processors and packagers in general, and all industries which draw on the controlled agricultural products for their raw materials—including particularly cotton as textiles, and such industries as paint and soap manufacture should experience larger volume and earnings.

A special field of benefit from abolition of the processing taxes is that of companies which have not paid their processing taxes or have put them in

In the Next Issue

Appraising the Townsend Plan

What It Means to Business, the Investor, the Property Owner and the Farmer

By HON. CLAREN F. LEA, *U. S. Representative from California*

What the A A A Decision Discloses About Our Form of Government

By SAMSON SELIG, *Member of the New York Bar*

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payable on February 15, 1936, to holders of record at close of business January 20, 1936.

HOWLAND H. PELL, JR.,
January 9, 1936 *Secretary*

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Quotations as of Recent Date

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	Bid	Asked
Bankers (2)	69	71
Bank of Manhattan (1½)	33½	35½
Bank of N. Y. & Trust (14)	510	518
Central Hanover (4)	118½	121½
Chase (1.40)	46½	48½
Chemical (1.80)	58½	60½
City (1)	40½	42½
Corn Exchange (3)	67¼	68¼
Empire (1)	23¾	24¾
First National (100)	2115	2155
Guaranty (12)	317	322
Irving Trust (.60)	19	20
Manufacturers (*1¼)	52½	54½
New York (5)	120	123
Public (1.50)	46	48
United States Trust (*70)	2170	2220

INSURANCE COMPANIES

	Bid	Asked
Aetna Fire (1.60)	63¼	65¼
Aetna Life (*.80)	34¼	36¼
Carolina (*1.20)	32½	34½
Glens Falls (1.60)	40	42
Globe & Rutgers	46½	50
Great American (*1.20)	30¼	32¼
Hanover F. (1.60)	40¼	42¼
Hartford Fire (*2.50)	88	90
Home (*1.20)	40¾	42¾
National Fire (2)	77	79
Phoenix (*2½)	105	108
Sun Life Can	420	450
Travelers (16)	617	627
United States Fire (*1.70)	57	59
Westchester F. (*1.40)	38¾	40¾

INVESTMENT TRUST SHARES

	Bid	Asked
Bullock Fund	17	18½
Corporate Trust—AA	3	....
Fidelity Fund	49.70	53.51
Incorporated Investors	20.81	22.38
Mass. Invest	24.36	26.48
Nation-Wide Securities B	4.44	4.54
No. Amer. Trust Shares 1958	3.13	....
Quarterly Income Shares	1.53	1.68
Spencer Trask Fund	19.24	20.45
Uselps Voting Shares	1.08	1.16

* Includes extras.

escrow pending the now concluded litigation. About $200,000,000 has been thus impounded. By the decision of January 13 this will be returned to the companies.

On the other hand substantial impairment of rural purchasing power would particularly adversely affect agricultural implements, tractors, automobiles, trucks, mail-order firms; and, in fact, generally, all the industries which farmers patronize like other people.

A temporary ameliorative factor is the spurt of compensatory buying all along the lines by producers affected by the processing taxes, who have been curtailing buying pending the Supreme Court's decision.

A by-product of the judicial bombshell lies in the domain of emotion. The profound confusion which now exists in Washington and the flood of individual member and Administration measures which will ensue will probably be depressive. Akin to this is the possibility that the President may vengefully choke off the "breathing spell" and summon all the discontented and unhappy to a war without quarter on the old order. It is encouraging, though, to note that unlike his angry reaction to the N R A decision he has so far accepted the blow amiably and philosophically.

Opposed to destructive "psychology" is the optimism inspired in the business and investment worlds by their confidence that for the time being at least, they are freed from the shackles of Washington oppression, and that at the worst fundamental changes in our politico-economic set-up will come gradually and orderly and in response to duly expressed popular will, instead of suddenly from the impulsive caprices of a dominating political leader. There is new confidence in the conviction that America will go on in its traditional democratic and conservative way of change and that both Fascism and Communism are entirely out of our reckoning.

The future is brighter in business and politics.

Social Security Should Boost Business Equipment

(*Continued from page 387*)

own merits. There are, however, several generalizations which are noteworthy. As a group, the leading companies in the industry are singularly free from cumbersome capitalizations, and despite the fact that mergers and consolidations prior to the depression were the rule rather than the exception among these companies, they were conceived along lines which did not prove too burdensome during the recent years of restricted earnings. On the whole, there is a higher-than-average equity ratio for the shares of most of the leading companies of the industry; a number of companies were able to maintain dividends without interruption throughout the depression; and all of them have emerged with finances and resources unimpaired. Naturally, these factors have been accorded a more or less generous appraisal marketwise, and the shares of representative business equipment companies have not failed to discount in some measure, at least, the prospect of a further enlargement in earnings this year. At the same time, the industry has room for considerable further recovery and, in the meantime, there is probably no single industry which offers proportionately the number of candidates for favorable dividend action in the future.

To the investor, therefore, who appreciates the value of a strong industrial background and can visualize the opportunities which now confront the industry for rendering general business a useful and essential service—at a profit to itself—the accompanying tabulation offers a choice of mediums made up of the shares of the leading companies identified with the industry. The selection comprises issues which should appeal to the conservative investor as well as to those whose investment tastes run to the more speculative vehicles.

For Profit and Income

(*Continued from page 389*)

ration laws have contributed materially.

* * *

Boston interests close to **U. S. Smelting** say that the annual dividend is now for all practical purposes $8 a share, and that there will be extras from time to time as earnings warrant.

* * *

One of the most encouraging features of the general economic picture is the slow but steady improvement in the **rental situation,** which suggests that the time is approaching when new construction on a broad scale will be necessary.

For Features to Appear in the Next Issue

See Pages 361 and 421

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